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THE GOVERNOR'S BUDGET
IN MAINE, 1917

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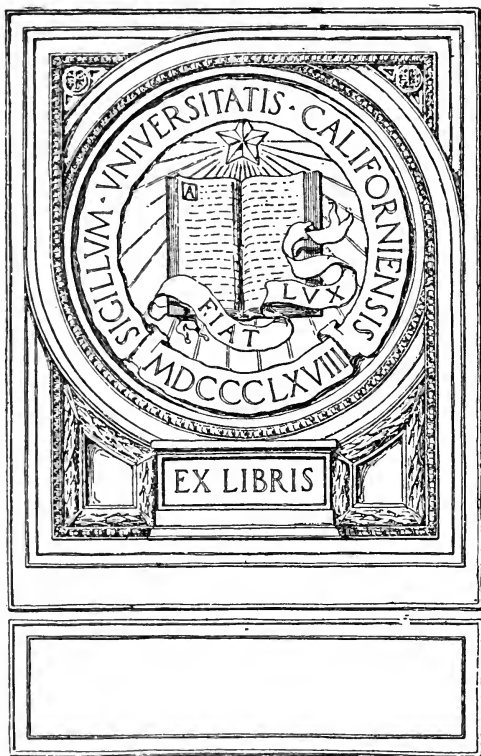
By

HUNTINGTON GILCHRIST

Submitted in Partial Fulfillment of the Requirements
for the Degree of Doctor of Philosophy in the
Faculty of Political Science, Columbia
University, New York, 1918



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CONTENTS

CHAPTER	PAGE
I—BUDGET REFORM.....	1
II—STATE OF MAINE—GOVERNMENTAL ORGANIZATION AND OPERATION	
LEGISLATIVE.....	4
EXECUTIVE.....	8
JUDICIAL.....	14
III—FINANCIAL LEGISLATION AND CONTROL BEFORE THE 1917 RÉGIME	
ESTIMATES.....	16
ROUTINE OF LEGISLATIVE PROCEDURE ON FINANCIAL MEASURES.....	19
LEGISLATIVE ACTION IN 1915.....	22
CONTROL OF THE FINANCES.....	25
IV—GOVERNOR MILLIKEN'S PROGRAM AND ITS AC- CEPTANCE	
FIRST STEPS.....	32
PUBLICITY.....	33
AUDITOR'S ESTIMATES.....	35
THE GOVERNOR BEFORE THE LEGISLATURE.....	37
LEGISLATIVE ORGANIZATION.....	42
THE GOVERNOR AS THE LEGISLATIVE LEADER.....	44
EARLY RELATIONS WITH COMMITTEE CHAIRMEN..	44
JOINT BUDGET HEARINGS.....	47
THE BUDGET PRESENTED.....	52
COMMITTEE HEARINGS.....	58
DEBATES IN HOUSE AND SENATE.....	62
THE GOVERNOR AS AN ADVISER.....	67
REVENUE SITUATION.....	71
FINAL LEGISLATIVE ACTION.....	76
V—CONCLUSIONS	
THE FORMATION AND FORM OF THE FINANCIAL PLAN...	83
LEGISLATIVE ACTION AND PROCEDURE.....	89
FUNDS, THEIR DISPOSITION AND CONTROL.....	99
GENERAL SUMMARY.....	104

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CHAPTER I

BUDGET REFORM

"A budget is a definite plan or proposal for financing the business of a future period both with respect to revenues and expenditures."¹ This is the budget in its narrow sense; in a broader way the budgetary problem, with which this paper deals, includes (1) the formation of the financial plan, (2) action upon it, and (3) control of its administration. That government which administers its finances without attempting to bring detached operations into a logical and harmonious system has no budget.

The plan may be formulated either by the legislative or by the executive branch of the government. It ordinarily contains a summary of actual revenues and expenditures for a period of years, a statement setting forth in summary form the financial condition of the government, a summary of the estimates, a summary of the revenue and appropriation proposals for the period to be financed, and a message setting forth the significance of the proposals.

Action upon the plan in the form of discussion, criticism, amendment or acceptance is taken by the legislature, from whom authorization to execute must ordinarily come. Its final action, however, may be subject to veto by the executive.

Control of budget administration normally lies with the executive but the legislature exercises certain reviewing powers which in some cases practically amount to administrative supervision.²

The government of Great Britain has a budget, formulated annually by the treasury, the highest administrative organ of the executive, acted upon with the greatest of care by parliament, and controlled in its administration by the treasury, which is constantly watched by the agents of parliament.

The government of the United States has no budget. Estimates of expenditure as proposed by administrative departments are compiled by the treasury department, but congress passes appropriation and revenue measures as it pleases, and yet possesses practically no supervisory powers over the administration of the funds by the various departments.

¹ *The System of Financial Administration of Great Britain*, Willoughby, Willoughby, and Lindsay. D. Appleton Co., New York, 1917.

² *Ibid.*, pp. 226-234.

Twenty-seven states have so-called budget systems,—of four general types. In the first, the financial plan is formulated by a legislative committee,—Arkansas, New York. In the second, the plan is formulated by a joint committee of representatives of the executive and the legislative branches of the government,—Connecticut, North Dakota, South Dakota, Vermont, Wisconsin. In the third, the planning function is delegated to a committee of executive officers or an individual executive other than the governor,—California, Louisiana, Massachusetts, Michigan, New Mexico, Tennessee, and Washington. In the fourth, the governor alone is responsible for a program,—Delaware, Illinois, Iowa, Kansas, Maine, Maryland, Minnesota, Nebraska, New Jersey, New Mexico, New York,¹ Ohio, Oregon, Utah. In only one state, Maryland, is the budget system provided for in the Constitution, and in only two states, Maryland and Utah, is the authority of the legislature to change the budget seriously limited, and in the latter only by legislative fiat.

Although the British budget system has possessed all its fundamental characteristics for years, it was not until 1911 that the budget movement in American states really began. The start was made in Wisconsin in that year but most of the present budget systems were not arranged until 1915.² Maryland did not enact its radical plan until 1916 and Utah adopted its new policy only in 1917. American cities, it is true, have in some cases had something approaching budgetary procedure for many years, but their action does not seem to have had much influence upon the financial management of states.

Publications treating the subject of national and state budgets in a scientific manner are rare, and, in almost every case, decidedly recent. Two organizations, the Institute of Government Research at Washington, D. C., and the Bureau of Municipal Research, at New York City, have been largely responsible for the publication of whatever material of value is now available. The former issued early in 1917 an authoritative work on British financial administration,³ and an English translation of the leading analysis of the French financial system.⁴ Treating directly of the management of the finances of American states are several numbers of

¹ The Sage Bill enacted into law in 1916 provided for submission of two budgets, one by a joint legislative committee and the other by the governor.

² *The Recent Movement for State Budget Reform: 1911-1917* by Fred Wilbur Powell. *Municipal Research*, No. 91, New York, 1917.

³ *The System of Financial Administration of Great Britain*, Willoughby Willoughby and Lindsay. D. Appleton Co., New York, 1917.

⁴ *The Budget* (7th edition)—René Stourm—D. Appleton & Co., New York, 1917.

MUNICIPAL RESEARCH, issued in 1915, 1916 and 1917.¹ *The Need for a National Budget* (the Report of President Taft's Commission on Economy and Efficiency, 1912,²) is most comprehensive in its analysis of the typical financial system in America and most complete in its recommendations for an adaptation of the budget idea. Unfortunately there are few copies of this report available.

¹ *Municipal Research*, published monthly by the Bureau of Municipal Research, New York, N. Y.

² House Document No. 854, 62nd Congress, 2nd Session.

CHAPTER II

STATE OF MAINE—GOVERNMENTAL ORGANIZATION AND OPERATION

In theory the time-honored doctrine of the threefold separation of powers holds sway in the functional organization of the State of Maine, for Article III of the Constitution of 1819, entitled "Distribution of Powers" reads:

Sec. 1. The powers of this government shall be divided into three distinct departments, the legislative, executive and judicial.

Sec. 2. No person or persons, belonging to one of these departments, shall exercise any of the powers properly belonging to either of the others, except in the cases herein expressly directed or permitted.¹

A glance at the chart on page 6, however, will show that, so far as the appointing power is concerned, there are three governmental units which are entirely independent of one another; the legislature, the governor, and the auditor. The judicial officers, from this standpoint, have no more independence than the various other administrative officials.

Legislative

Article IV—Part first, entitled "Legislative power—House of Representatives" begins as follows:

Sec. 1. The legislative power shall be vested in two distinct branches, a house of representatives, and a senate, each to have a negative on the other and both to be styled the legislature of Maine. . . .²

Part third of the same article, entitled "Legislative Power," contains the following provisions:

Sec. 1. The legislature shall convene on the first Wednesday of January biennially, and shall have full power to make and establish all reasonable laws and regulations for the defence and benefit of the people of this state, not repugnant to this constitution, nor to that of the United States.

Sec. 2. Every bill or resolution having the force of law, to which the concurrence of both houses may be necessary,

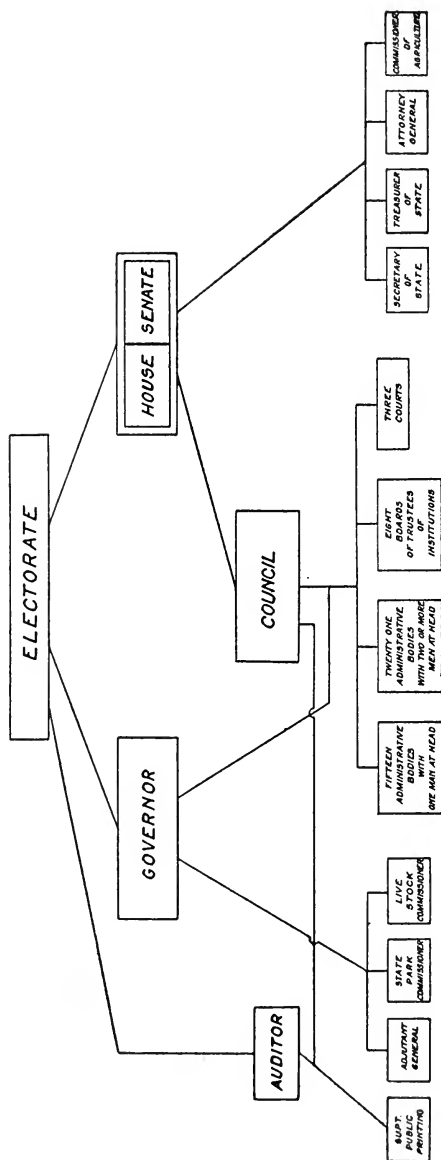
¹ *The Revised Statutes of the State of Maine*, Passed Sept. 29, 1916, and taking effect January 1, 1917. Portland, 1916.

² *Ibid.*

except on a question of adjournment, which shall have passed both houses, shall be presented to the governor, and if he approve, he shall sign it; if not he shall return it with his objections to the house in which it originated, which shall enter the objections at large on its journals and proceed to reconsider it. . . .¹

¹*The Revised Statutes of the State of Maine*, Portland, 1916.

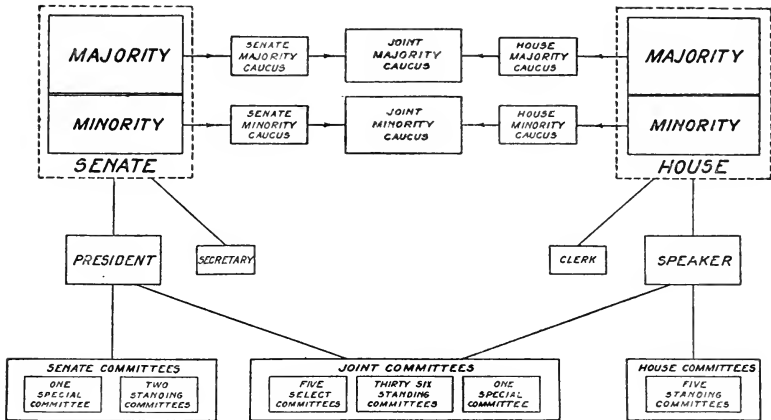
ORGANIZATION OF THE GOVERNMENT
OF THE
STATE OF MAINE



U.S. GOVERNMENT PRINTING OFFICE

NOTE: The governor must also approve the appointment of the Superintendent of Public Printing.

**ORGANIZATION OF THE LEGISLATURE
OF THE
STATE OF MAINE**



NEW YORK BUREAU OF MUNICIPAL RESEARCH

It will be noticed by reference to the chart on page six that the legislative power also involves the appointment of the governor's council and of several administrative officials whose functions are of a fiscal, administrative, and a public service nature.

The Maine legislature, as other similar bodies, has two distinct personalities—one, legal, and the other, political.

As indicated by the constitution, it is legally composed of two distinct branches designed to have a check upon each other. Practically, it is controlled by a joint caucus composed of all the members of the dominant political party, if there be one supreme in both houses.

This twofold organization of the law-making power is shown in some detail in the above chart. Of course if the same political party should not be dominant in both houses, the unofficial machinery which is indicated in the upper part of the chart could not function and the check and balance action of the two houses would become evident. With the same political party in control of house and senate, however, the unofficial organization is by far the more important. In the caucus of that party are decided all questions of large significance, the later action of legislative committees and of house and senate being merely perfunctory. The minority party, of course, has its caucuses but their action, naturally can

have little effect on actual legislation, although their stand may have considerable moral influence on the action of the majority. Besides deciding important political questions, the caucuses usually nominate candidates for legislative offices and the unostentatious workings of the steering committees¹ often have most important bearings on the fate of legislative bills.

Almost all legislation which has no particular party significance is actually prepared in the thirty-six joint standing committees of the two houses, and these joint standing committees are distinctive features of the Maine legislature. In most states, each house has its own committees which consider bills separately; the more reasonable joint committee system is rare outside of New England. In Maine, each committee, except that on reference of bills, is composed of ten members—seven representatives and three senators; and usually, of eight members of the majority and two of the minority political party. The list of committees is given here:

On agriculture, appropriations and financial affairs, banks and banking, claims, commerce, counties, education, federal relations, Indian affairs, inland fisheries and game, insane hospitals, interior waters, judiciary, labor, legal affairs, library, manufactures, mercantile affairs and insurance, military affairs, mines and mining, pensions, public buildings and grounds, public health, railroads and expresses, reference of bills, salaries and fees, school for feeble minded, sea and shore fisheries, state lands and forest preservation, state prison, state school for boys, state school for girls and women's reformatory, taxation, telegraphs and telephones, temperance, towns, ways and bridges.

Executive

"Executive Powers" is the title of article V—part first of which states:

Sec. 1. The supreme executive power of this state shall be vested in a governor.

Sec. 8. He shall nominate and, with the advice and consent of the council, appoint all judicial officers, coroners and notaries public; and he shall also nominate, and with the advice and consent of the council, appoint all other civil and military officers, whose appointment is not by the constitution or shall not by law be otherwise provided for. . . .

Sec. 9. He shall from time to time give the legislature information of the condition of the state, and recommend to their consideration such measures as he may judge expedient.

¹ See page 42.

Sec. 10. He may require information from any military officer or any officer in the executive department, upon any subject relating to the duties of their respective offices.

Sec. 12. He shall take care that the laws be faithfully executed.¹

As noted above, execution of laws in certain cases is delegated to officials chosen by the legislature. The attorney general, makes important legal prosecutions on the part of the state, is one of these officials. Under such a situation it is conceivable that the governor might have difficulty in taking care "that the laws be faithfully executed."

Perhaps the most distinctive body from the point of view of state organization is the council, which is provided for in the constitution, article V—part second, in the following terms:

Sec. 1. There shall be a council, to consist of seven persons, citizens of the United States, and residents of this state, to advise the governor in the executive part of government, whom the governor shall have full power at his discretion to assemble. . . .²

Reference may also be made at this point to the provision in sec. 4, part fourth of article V entitled "Treasurer" which states:

No money shall be drawn from the treasury, but by warrant from the governor and council, and in consequence of appropriations made by law, and a regular statement and account of the receipts and expenditures of all public money, shall be published at the commencement of the biennial session of the legislature.³

The greatest powers delegated to the council are those of advising and consenting to the appointments of the governor and of authorizing, also in conjunction with the governor, all payments from the treasury. Alone the council is powerless, but considered as a part of the executive department along with the governor, it is a body with considerable weight and influence. Ordinarily the nomination by the governor of a person to an administrative office is accepted by the council and the best informed officials at Augusta today do not know of any case in which a serious deadlock between the governor and council has occurred.⁴ A letter

¹ *The Revised Statutes of the State of Maine*, Portland, 1916.

² *Ibid.*

³ *Ibid.*

⁴ Opinion of George W. Leadbetter (for many years messenger to the governor and council), April 4, 1917.

from the assistant attorney general Mr. Franklin Fisher, dated October 24, 1917 states the situation very precisely:

If the council in this state refuses to confirm a nomination of the governor to a public office, the nomination is effectually blocked. If the council refuses to sign warrants upon the treasury with the governor, the warrant will not be the one contemplated by the constitution and no money can be paid out upon it. I know of no case where the differences between the governor and council were carried into court. Their differences usually result in some sort of a working agreement. Further, I do not remember any case where the council was of one party and the governor of another, although it can happen.

From the records of the Maine constitutional convention of 1819, it appears that this council, sometimes termed a "useless appendage" to the government, was copied from Massachusetts. An attempt was made to eliminate this body but for reasons of economy it was retained. Members of the convention who had had experience with the council in Massachusetts testified that they knew of no other body of men under the constitution of that state who performed so much and such important service at so small an expense. Mr. Whitman made the following remarks with regard to the council, which are of particular interest here:

Advising in relation to appointments is but a trifling part, comparatively, of their duty. To the public, however, this has seemed to be the sole object of having such a body. It should be remembered that no money, for any purpose whatever, can be drawn from the treasury, but by warrant from the governor with the advice of council. Such a check upon the issues from the treasury, must be lodged somewhere. In the treasury of the United States these checks and safeguards are numerous. Whoever makes a claim upon that treasury, must present the evidences of his right of claim to the auditor, who examines it, and, if deemed by him to be just and legal, it is next submitted to the comptroller. If he should be satisfied of its justice also, he will add his certificate to that of the auditor, all which must be delivered to the *treasurer*, who causes a warrant to be made out, which, signed by all those officers, and, finally, approved by the *secretary of the treasury*, will enable the applicant to get his money. We have made provision for none of these safeguards for our treasury. The governor and council have heretofore been found competent in this state, and this is the cheapest establishment we can have for such a purpose. The council have, constantly, a standing committee of their body, entrusted with this branch of busi-

ness. Every application for money from the treasury, is referred to this committee, who hear the applicant, or examine his documents, and, having ascertained the facts, report them to the governor and council, with an opinion as to the justice or injustice of the claim. If just, and the report be accepted, a warrant issues—otherwise not. It is manifest that the governor could not, alone, attend to all this, and I presume we shall not find it for the interest of the state to establish an auditor's office, with his clerks and other expenses, in lieu of a council, which would not cost a quarter part as much. This power over the treasury must be lodged somewhere. It will not do to allow the treasurer to determine what claims ought to be paid, and to pay them at his discretion.

Dr. Rose, however, disputed the value of the council as a protection to the treasury, stating that it enabled the governor to divide his responsibility and that everything depended on the treasurer. He said he knew of no state, other than Massachusetts, which had had its treasury plundered, yet it was almost the only one that had a council.¹

It therefore appears that the position of the council with regard to the financial management of the state has not changed much during the last hundred years.

No provision has yet been made in the constitution for the office of auditor, the only executive position besides that of governor which is filled directly by the people, and this basic instrument provides for only a few of the appointive offices: secretary of state, treasurer, attorney general and four major generals to be filled by the legislature; and the adjutant general to be named by the governor.² All other offices which require separate items in Governor Milliken's budget are maintained in accordance with statutes except that of pension clerk.

As will be seen by reference to the chart on the organization of the government, administrative officials are appointed in four ways: (a) by the auditor, with the advice and consent of the governor and council; (b) by the governor alone; (c) by the governor,

¹ *Debates of the Convention of Delegates*, Jeremiah Perley, Portland, 1820.

² The section of the Constitution which refers to the major generals "while still in force is inactive, as in these days the militia although enrolled, is not organized or officered. Commissioned officers of the national guard are selected as provided by the constitution and should the national guard of this state ever be of such strength as to constitute a division, or should the militia be organized and called into active service, the major generals to command them would undoubtedly be selected in accordance with the constitution."—Letter dated November 3, 1917 from Charles E. Davis, Major A. G. in the absence of the adjutant general.

with the advice and consent of the council; and (d) by the house and senate in joint session.

Most of the administrative officials, as the chart shows are appointed by the governor and council. Why the commissioner of agriculture is not thus chosen and why the live stock sanitary commissioner who was before 1917 appointed by the commissioner of agriculture is now selected by the governor are matters which theory can probably not settle.

Although the auditor, whose office was not established until 1907, is elected as an independent official, he is nevertheless recognized by statute as a part of the executive department and ordered to carry out his duties under the supervision of the governor and council. Sec. 89, chapter 2 of the revised statutes 1916 reads as follows:

The state auditor shall, annually, in the month of January, examine the books, accounts and vouchers of the treasurer of state, and report the result of such examination to the governor and council. He shall comply with all regulations in relation to the duties of his office which may be transmitted to him by the governor and council, and which are consistent with the provisions of sections eighty-one to ninety-two, both inclusive, of this chapter. The books, accounts, and other records and papers in his office relating to the public business shall be open for inspection to the citizens of this state at all reasonable times and for all proper purposes.

Permanent administrative bodies and officials appointed by the governor, with the advice and consent of the council, are listed herewith:

(1) With one-man head (15):

Superintendent of schools	Messenger to the governor and council
Insurance commissioner	Superintendent of buildings
Bank commissioner	Agents of Indian tribes (2)
Land agent and forest commissioner	Inspector of dams and reservoirs
Commissioner of labor and industry and state factory inspector	State historian
Commissioner of inland fisheries and game	Assayer of ores and metals
State librarian	
Pension clerk	

(2) With more than one man at the head (21):

State highway commission	Commissioners for promotion of uniformity of legislation in the United States
Commission of sea and shore fisheries	State board of registration of medicine
Board of state assessors	State board of veterinary examiners
Public utilities commission	State board of examiners to regulate the practice of embalming
Department of health	State board of accountancy
State Board of charities and correction	Maine state board of registration and examination in optometry
Prison commissioners	State board of examination and registration of nurses
Industrial accident commission	Inspectors of steamboats
Commissioners of pharmacy	
State library commission	
State board of dental examiners	
State board of arbitration and conciliation	
Pemaquid or Fort William Henry commission	

(3) State institutions (boards of trustees appointed) (8):

University of Maine	Maine school for the deaf
State normal schools	Bath military and naval orphanage
State hospitals (for the insane)	State reformatory for women
Juvenile institutions	
Tuberculosis sanatoriums	

All of the officials or institutions named above draw appropriations from the state government with the exception of the last official in the first group, and the last six bodies in the second.

Certain boards made up entirely in an *ex officio* manner are not shown on the chart, but are listed here:

Farm lands loan commissioners (governor, auditor, land agent, commissioner of agriculture, state superintendent of schools), trustees of the state library (governor and council), Maine mining bureau (land agent, commissioner of agriculture, and commissioner of labor and industry), state board of mothers' aid (board of charities and correction) — 4.

As the budget director does not hold office by virtue of any statute and as he is appointed for temporary service only, his office is not shown on the chart.

All officers elected by the people serve a term of two years, as do those elected on joint ballot by the senate and house of representatives, with the exception of the major generals.¹ For all other officers the law provides a term of four years but there are a large number of exceptions among which the more important are as fol-

¹The Secretary of Agriculture now serves four years. (Laws of 1917, Chap. 201.)

lows: 2 years—adjutant general, commissioner of agriculture (until 1919); 3 years—state superintendent of schools, state librarian, commissioner of labor and industry and state factory inspector, state highway commissioners, two of the three commissioners of inland fisheries and game, members of the industrial accident commission, commissioners of sea and shore fisheries, state park commissioners; 5 years—inspectors of steamboats, members of the state board of charities and correction; 6 years—members of the board of state assessors, commissioner of health, prison commissioners; 7 years—members of the public utilities commission. Members of the boards of trustees of the various state institutions serve terms of from four to seven years. In the case of most of the boards and commissions, the members serve in systematic rotation, only one or two going out of office at a time.¹

All these officials, however, do not always have the privilege of serving out their full terms for article IX of the constitution contains the following provisions:

Sec. 5. . . . Every person holding any office, may be removed by the governor, with the advice of the council, on the address of both branches of the legislature . . . but the reason for such action must be entered on the legislative journals and a hearing must be given.

Sec. 6. The tenure of all offices, which are not or shall not be otherwise provided for, shall be during the pleasure of the governor and council.

In the case of the following officials, statutes provide that removal shall be for cause only: bank commissioner, commissioners of sea and shore fisheries, commissioner of health, secretary of the treasury, inspectors of steamboats, members of the state boards of veterinary examiners, of registration and examination in optometry, of examination and registration of nurses, and members of the boards of trustees of state institutions. Only on "proven charges" may the governor and council remove a member of the state board of dental examiners.

Judicial

Justice is administered by judges appointed, as are the chief administrative officials, by the governor, by and with the advice and consent of the council. Their authority is thus set forth in the constitution:

¹ The *Revised Statutes of the State of Maine*, Portland, 1916, Chap. 2, Sec. 41.

Sec. 1. The judicial power of this state shall be vested in a supreme judicial court and such other courts as the legislature shall from time to time establish.

Sec. 2. The justices of the supreme judicial court shall, at stated times receive a compensation, which shall not be diminished during their continuance in office. . . .

All judges are appointed for seven year terms.

Statutory provision is made for a court reporter, who shall be appointed by the governor and council in case of a vacancy.

CHAPTER III

FINANCIAL LEGISLATION AND CONTROL BEFORE THE 1917 REGIME

Estimates

Since 1907 the auditor has been required to submit to the legislature estimates of expenditures as filed with him by the various governmental departments, state institutions, commissions and boards of trustees. These estimates which must be "in detail" are to be filed with the auditor by the first Monday of December. The law also reads (revised statutes 1916, chapter 2, sec. 92):

This estimate shall be divided into, first, fixed charges; second, other charges; third, extraordinary or unusual expenses. A written statement showing the reason for all estimated expenditures, other than fixed charges, shall be filed with said estimate. Said auditor shall tabulate these statements under the various heads and biennially on or before the fifteenth day of January shall submit to the legislature a report showing these tabulated statements, including the reasons given for estimated expenditures, other than fixed charges, together with an estimate for each of the two following years of the ordinary revenues of the state, and of such other means as the auditor may be able to point out for defraying the expenses of the state, so that said report shall show the estimated revenues and income of the state, and the estimated expenditure of the state for each of the two following years. . . .

The statute quoted above was passed in 1907.

In 1911, a similar requirement (amended in 1915) was made for all corporations, associations and institutions which received appropriations from the state. Thus the significant part of this later requirement (sec. 93, chapter 2, revised statutes 1916) reads:

The state auditor may, from time to time, require any such corporation, association or institution to report to him as to such fiscal affairs as he may deem necessary for the proper compilation of the tabulation provided in the following section. Each of the reports and statements of desired appropriation which is made shall be in such form as may be prescribed by the state auditor, and shall be public records.

Section 94 of the same chapter provides for the tabulation of the statements and reports mentioned in sec. 93 before Dec. 15

stating that they shall be "accompanied by comparative data and estimates, together with such comments and a statement of such other matters as he (the auditor) shall deem necessary and proper for the full understanding of such tabulation." This tabulation is to be submitted to the governor and legislature on the first day of the session. Before that time it has not been uncommon for the newspapers to use material contained in the estimates. To illustrate the publicity thus occasionally given to the demands upon the state treasury, an item from the *Kennebec Journal* for December 14, 1916 is given below:

SEA AND SHORE FISHERIES WILL ASK \$65,000 YEARLY

The department of sea and shore fisheries will ask the coming Legislature for an appropriation of \$65,000 for each of the years 1917 and 1918, according to a statement filed Wednesday at the State Auditor's office by William Brennan of Port Clyde, the commissioner of sea and shore fisheries. The receipts of the department are estimated at \$4,000 for each of the years 1917 and 1918.

This amount asked for is divided as follows: Wardens, \$20,000; maintenance of patrol boats, \$6,000; purchase or building of two additional patrol boats and maintenance of the same, \$15,000; printing and binding, \$200; protection of lobsters with eggs attached, \$15,000; purchasing of lobsters for liberation, \$5,000; propagation of shell fish, \$200.

The statement containing the estimates says in part:

"The increasing value of the lobster fisheries would seem to warrant sufficient appropriation for proper conservation of the industry.

"The herring industry is of greater value than any other branch of fisheries and its present satisfactory condition is caused by the active efforts of the wardens.

"The alewives, smelts, salmon and other migratory fish require at times special warden service.

"The short time that the patrol boats were in commission proved their worth. The two additional boats recommended would be of great aid to the departments.

"It is claimed by many of the fishermen that the present methods of the United States hatchery in the handling of the fry are injurious and they favor the liberating of the egg bearing lobster when caught unless a proper rearing station is provided. To allow for this they recommend the purchase by the department, at market price, marking as state property and the enactment of stringent law for protecting after liberation.

"The department is in favor of a fair trial of the two methods of propagation and recommends appropriations for both."

In accordance with the provisions of law noted above, blank estimate sheets are sent out by the auditor late in October every other year, stating in full what information is desired and specifying that the estimates be made in detail. But the auditor has no power to change these estimates no matter in what form they are received. As they come in, therefore, they are compiled and published, the original sheets being kept on file in the auditor's office. The printed report gives in columns parallel with the estimates, the appropriations made by the last legislature and the actual expenditures during the two fiscal years last completed. At the end of the report is given a classified statement of the actual receipts for the two-year legislative period just closing (the last month's receipts being estimated and included), and a summary of actual and estimated receipts and expenditures for the two-year legislative period just closing and that about to begin. An estimate of the necessary tax rate to meet the expenses of the next biennial period is also included.

The state auditor in submitting his estimates in 1915, in addition to complaining that the law does not give sufficient time for compilation of these figures, made the following remarks:

This report aims to give the legislature information relative to financial facts. It aims to help the legislature in determining policies, in working out a definite fiscal program and in the drafting of appropriation measures. Appropriations for the future should be controlled by intelligent estimates.

It is the purpose of this report to aid in enforcing responsibility for administration and in bringing about greater efficiency. If efficiency and economy are desired they can be brought about only where affairs of state are administered by responsible officers. Officers can not be responsible for results unless they are given reasonable opportunity to exercise judgment in administering affairs in their charge.

This report does not demand the passage of the information contained therein. It is adaptable to such a measure, but it has been designed on the theory that separate appropriations should be made for each department, board or commission and institution of the State.

This report does not increase any appropriation, neither does it decrease any. The legislature alone has the power to increase or decrease the appropriation amounts.

A liberal use of this report will aid the legislature in expressing its will in definite understanding of appropriation measures.

This report shows all requests presented to this office for new appropriations and is therefore a valuable book of in-

formation for the legislature to use in determining the preparation of the appropriations.¹

Routine of Legislative Procedure on Financial Measures

With this information with reference to the financial condition of the state at hand, the legislature assembles on the first Wednesday of January of every odd-numbered year for the purpose among other things, of making appropriations for two years and of providing the funds with which to meet them. No definite, well-rounded program is presented to them for action. They have before them only the requests of various departments and institutions and, of course, the heads of such bodies in making their requests do not take into consideration the demands of all the other state activities. It may not thus be surprising if the estimates are before long near the bottom of the legislator's desk, lost in a mass of printed bills and calendars. How could he be expected to attempt the careful scrutiny of appropriations when his constituents are demanding a new piece of road in the home town and his county associates are trading five thousand feet of road for the support of a campaign for the greater protection of lobsters?

In 1915, the auditor's estimates were received on January 13 and referred to the committee on reference of bills; on January 21, they were referred to the committee on appropriations.² No other reference to them was found in the journal either of the house or of the senate for that session.

The early days of the legislative session are usually devoted to organization of committees and preparation of bills, a performance which keeps many of the legislators in actual idleness.

At some sessions this period of inactivity has been so prolonged that members have become disgusted, returned to their homes and have been brought back to their legislative duties only after the most earnest importunities. . . . It might last the whole of the month of January so that it has been no uncommon thing for a legislature not to begin real work until February.³

In general, appropriation measures are passed like other acts and "resolves" but tradition has been responsible for a certain amount of compilation of financial measures in transit through the legis-

¹ State Auditor's Tabulation of Estimated Expenditures and Income 1917-1918, Waterville, 1916, pp. 3, 4.

² *Senate Journal*, 1915.

³ *Kennebec Journal*, December 15, 1916.

lative channels. Some expenditures are recognized in the statutes as of a permanent character and they are passed by the legislature once only, as "acts"; all other appropriations are ordinarily passed twice by the legislature, once (each appropriation separately) as "resolves" and again, incorporated into an "act," which may also contain some permanent appropriations. Both acts and resolves receive practically the same treatment in the legislature, although a resolve in the house has one less reading than an act. Both are ordinarily introduced into either house by an individual member and immediately referred by the committee on reference of bills to the appropriate joint standing committee. Only such appropriation resolves as do not clearly belong to some other committee would be sent to the appropriation committee in the first instance. Ordinarily, as has been said, the committee stage is the important one for all bills. Legislative business is too vast to admit of the careful consideration of each bill by each member of each house. This responsibility is delegated to the committeemen and their verdict is usually accepted. It is therefore in committee that the large share of work in securing appropriations is done,—and in committee is most evident that appropriation or log-rolling game, characterized by a former secretary of state in the following terms: "You scratch my back and I'll scratch yours." These committees do not keep stenographic records, but their reports to the house and senate are made on printed forms, some of which bear the appropriate designation: "Ought to pass," "Ought not to pass," "referred to next legislature," etc. These reports are filed and preserved.

The next process in legislation is thus prescribed in rule 10 of the "Joint Rules":¹

Every bill or resolve reported in either house by a committee, or laid upon the table by leave, shall be printed and distributed in both houses, before having its first reading. The printed copies shall show by what committee the bill or resolve was reported, or by what member laid upon the table.²

Bills and resolves after printing, are placed where they belong in the "Order of business" and their position there shown upon the "Calendar," which is printed daily for each house. Bills are

¹ *Senate and House Register 1917, 78th Legislature.*

² There are occasional "suspensions" of this rule, especially in case of an emergency appropriation but it is not suspended so frequently as many of the other rules.

given three readings in the house and two in the senate; resolves, two readings in each house. A "reading" usually consists of an oral rendition of the title only. The value of an additional reading for bills in the house may be judged by the following excerpt from rule 54 of the "Rules of the house," as published in the legislative handbook:

No bill shall be passed to be engrossed until it shall have had three several readings; the time for the second and third readings shall be assigned by the house; but if no objection is made, the second reading may be by the title, and at the time of the first. . . .

Legislative rules contain certain special stipulations with reference to measures carrying appropriations. They are quoted herewith in full:

Rules of the senate No. 21. No resolve of any kind, or order making any grant of money, lands or other public property shall be passed without being read on two several days; the time for the second reading shall be assigned by the senate. Rules of the house No. 49. All resolves appropriating money or land, shall have their second reading on such day subsequent to that of the first reading as the house may assign. No. 51. Every bill or resolve, providing for the grant of money, land, or other public property, which may be laid on the table by leave, and any report of a committee upon any bill or resolve providing for such grant, shall be accompanied by a written statement of facts in each case; and no such bill or resolve shall be considered before such statement is made, or pass without being read on two several days. Joint rules No. 18. Every act, resolve or order appropriating money, shall be referred to the appropriate committee for consideration, and no further action shall be had thereon in either branch until the same shall have been reported back by said committee.

None of these rules may be suspended except on a two-thirds vote.

After a bill or resolve has passed its final reading, it is then engrossed, i.e. printed in final form in large type on large size heavy paper. In this engrossed form it must be presented again to both branches of the legislature for its third or fourth consideration, as the case may be. Each resolve must be "finally passed" and each bill must pass "to be enacted" in each house before it is ready for transmission to the governor by the secretary of the senate. The governor may veto any bill or resolve but he can not veto any part of a bill or resolve. Appropriation meas-

ures have as a rule been incorporated into two or three acts and thus presented to the governor for final action. Even though he veto a separate resolve, therefore, it could be incorporated in the final act and he could not enforce his wishes with regard to that particular item without throwing out the entire act.

So much for the routine of legislative procedure on financial measures. The result of this procedure deserves at least a word here. In the opinion of one observer the special difficulty with appropriation bills has been that unimportant acts and resolves were often passed in the early days of the session and that later, when really important measures came up for consideration, the legislators found that the total authorized expenditure was increasing too rapidly and consequently many worthy items were eliminated in the closing sessions.¹

Legislative Action in 1915

During the 1915 session appropriation bills and resolves were acted upon about as usual, except that the governor attempted to stop excessive expenditures by fixing an arbitrary limit for appropriations. This limit was fixed after consideration of the appropriations made in 1913. The governor made it understood that he would veto any larger amount. Such a policy (characterized by some as an exhibition of the "mailed fist") antagonized the legislature and from all reports available it did little to keep down the funds voted.

Governor Curtis did, however, sign a law which provided for more scientific financial legislation in future years. This budget bill,² was introduced in the house on March 13, 1915 by Pierce of Houlton and was approved by the governor on April 1, 1915. This law is quoted herewith in full, especially since it received scant notice both before and after its passage (*italics by author*):

Chapter 299—An act directing the governor and council to submit to each legislature the approximate amount of money necessary to defray the expenses of the public service.

The governor and council shall submit to each legislature not less than 15 days after it convenes, an estimate in detail, or a general estimate in any instance, where it is impracticable to give specific items, sub-divided under appropriate headings, of such sums as may be deemed necessary to defray the several charges and expenses of the public service for the

¹ *Kennebec Journal*, December 14, 1916.

² Section 95, chapter 2 of the revised statutes 1916.

current and succeeding year. This estimate shall also include such sums as may be deemed necessary for charitable and benevolent institutions, new buildings or the renovation of old buildings of state institutions, and for such other purposes for which public money may be properly appropriated. It shall be accompanied by a statement showing the total valuation of taxable property in the state as compiled by the board of state assessors and the rate of taxation necessary to produce approximately the revenue required to meet such appropriations. It shall also show the estimated income of the state for said two years from sources other than direct taxation.

This was presumably a real step in advance. Compliance with the spirit of the law would conceivably have prevented the mad rush over the adoption of appropriation bills which was the custom at the end of each legislative session. Here is the record of the 1915 session. It is typical.

Six acts carried all the appropriations for the years 1915 and 1916. The legislature met on the first Wednesday of January and adjourned at 4.48 p. m. on Saturday, April 3.¹ The first general appropriation act for 1915 appeared in the senate on March 23 and in the house on the following day. In the senate it was read twice under suspension of the rules (No. 21 above) and was passed to be engrossed without reference to a committee. Amendments in the house and senate were given consideration on two other days. The bill was passed to be enacted in both houses on April 2. The second general appropriation act for 1915 carrying over \$2,700,000 (slightly larger than the first) had a much more spectacular career. It appeared in the house at 2 p. m. on the day of adjournment and in the senate one hour later. Rules were dispensed with and the bill passed its several readings at once. After a recess of five minutes the bill was reported as engrossed and it was enacted therewith. A similar record could be given of four of the other bills, two for deficiencies, one for legislative expenses and one for 1916. Not one of the six bills was passed to be enacted until the day before the legislature adjourned; not one was introduced into either house before March 23, although it must be remembered that resolves were constantly under consideration. The largest bill, that for 1916, aggregating over five million dollars was introduced, put through its several readings, engrossed and enacted in both houses between 2 p. m. and 4.48 p. m. on the day of adjournment. Under such circumstances it is not surprising perhaps that the night before adjournment

¹ Senate and House Journals, 1915 Session.

should be a strenuous one for the administrative force charged with the preparation and engrossing of the bills. On that occasion in 1915, Governor Curtis, the attorney general, the messenger to the governor and council and other officials struggled in the offices of the *Kennebec Journal* till the early hours of the morning in an attempt to get the bills printed in correct form¹ and after all their effort, several of the appropriation figures as they stand today in the acts and resolves of 1915 are incorrect.

This stampede came, too, after a strenuous effort in the earlier part of the session to push appropriation matters to a decision. On January 20, there were introduced in the senate from the house, two orders, one providing that no bill or resolve carrying money should be passed before March 1; the other, that no bill or resolve carrying money should be introduced after February 10. On that day they were both tabled and on the following day, the first was "indefinitely postponed" by the senate, in which action the house (after some debate) concurred, on February 2.² On January 22, Representative Greenleaf of Portland stated that it was the purpose of this first order "to ascertain the bulk of appropriations" and to set a time far enough ahead to give a square deal to all, but that he now appreciated certain inconveniences in that program and therefore receded from his former position.³ The second order met the same fate at a later date. Thus ended the fight for a semblance of budget procedure until February 26 when Representative Pierce of Houlton, author of the budget act of that same session, introduced another order which provided that no money should be voted in the house until March 16. He said similar measures had been adopted in previous sessions, and reviewed the situation which made such a procedure advisable.⁴ His fight was no easy one, but after shifting the date to March 18, he finally secured a vote of approval in the house, on March 10. The tally was only 72 to 65 in his favor, however.

On March 11, the following order went through the house:

Ordered, That the clerk of the house be directed to prepare a schedule of acts and resolves carrying an appropriation or involving the expenditure of money, including all of such acts and resolves as have already received the signature of the governor, such as have been reported to the house or

¹ Conversation with George W. Leadbetter, messenger to the governor and council.

² Senate and House Journals, 1915 Session.

³ *Legislative Record*, 1915 Session.

⁴ Senate and House Journals, 1915 Session.

senate and such as are now pending before committees. Said schedule shall be printed and a copy thereof laid on the desk of each member on or before March 16th. The clerk is authorized to procure and pay for any assistance necessary to the preparation of such a schedule, and the secretary of each committee is hereby instructed to forthwith prepare a statement of such work of his committee as would be of use in preparing such a schedule and file the same with the clerk.

Such a schedule was accordingly prepared and printed, bills and resolves being classified in accordance with the provisions of the order. This was issued as House Document, No. 754.

*Control of the Finances*¹

By passing resolves the legislature expresses its opinion with reference to the expenditure of public funds but a resolve alone would have no influence in extracting the state's money from the treasurer. Before the money mentioned in a resolve is available for expenditure, it must be included in an appropriation act.

The introduction to a typical appropriation act reads as follows:

In order to provide for the several acts and resolves of the legislature requiring the payment of money from the state treasury, and also to provide in part for the necessary expenditures of government for the current fiscal year one thousand nine hundred eighteen, the following sums are hereby appropriated out of any moneys in the state treasury, and, except, where otherwise provided, the governor with the advice and consent of the council is hereby authorized at any time prior to the first day of July, one thousand nine hundred nineteen, to draw his warrant on the state treasurer for the same.

Without enacting an appropriation, the legislature cannot sanction any expenditure of the state's funds. Even an act, however, is not an order upon the state treasurer. He who would obtain funds from the state must produce more evidence still to show that his claim is good. The procedure is as follows. All bills and claims of any kind must be filed with the auditor. He puts them in a jacket and approves the manifest or certificate on the outside. These are then sent to the governor and council. After approval by the finance committee of the council and the governor, warrants on the treasurer are signed by the chairman of the finance committee, by the governor and by the secretary of state. Then the treasurer will honor the demand thus made upon him. Resolves are of value in that they show how the legislature desires the money appropriated in the acts to be ap-

¹ Certain changes in the control of the finances inaugurated since Jan. 1, 1917, are considered on pp. 99-103.

portioned. This apportionment must be observed unless changed by the governor and council.

The auditor holds a position of much power in checking illegal expenditures and of much opportunity in investigating all state expenditures. His exact authority and position may perhaps best be shown by citing the statutes concerned:¹

The state auditor shall examine all accounts and demands against the state, including all matters requiring the payment of money from the state treasury. In the examination of claims, accounts and demands he may require affidavits that articles have been furnished, services rendered and expenses incurred, as therein specified. All accounts filed with the auditor shall be fully itemized. He shall in all cases, after he has approved a claim, account or demand make a certificate specifying the amount due and allowed thereon, the name of the party to whom such amount is due or payable, the law authorizing the same and the particular head, expenditure, department or appropriation to which it is chargeable. When the legislature, by express statute, authorizes a board of trustees, commission or public officer to approve demands against the state, and an appropriation therefor has been made, the auditor shall, when such accounts or demands are properly approved, promptly audit and certify as aforesaid such accounts as he may deem correct, not exceeding the appropriation for that purpose; and if, upon such audit any account or claim is rejected or reduced in amount, and the person presenting such account or claim is dissatisfied therewith, the auditor shall report the same to the governor and council, with a separate certificate therefor.

Further exposition of his duties is given in section 84:

The auditor shall keep a distinct account of all state receipts and expenditures under appropriate heads. He shall investigate all accounts, demands, bills, vouchers or claims against the state, including those made by any state officer, department, commission or trustee. And if, after said investigation, the amount demanded seems to be excessive or improper, he may reject the amount or claim, in whole or in part, and if the person presenting such account or claim is dissatisfied therewith, the auditor shall report the same to the governor and council with a separate certificate therefor.

Additional clauses of this section provide that the auditor shall keep a record of all state property, have free access to the books and papers of all departments and institutions, direct the manner in which accounts shall be kept by those departments and institu-

¹ Revised Statutes, 1916, chap. 2, sec. 82.

tions and notify their heads from time to time of the state of their appropriations. It is also provided that the auditor shall approve no account in excess of the appropriation but shall report such bill or account to the next legislature.

Severe penalties are prescribed in section 100 for any head of department who contracts any obligation in excess of his appropriation, but the state auditor is allowed to advance sums not to exceed \$2,000 to pay the bills of state institutions, according to sec. 98. As a result it has usually been necessary at each legislative session to pass deficiency appropriation measures, which in 1915 amounted to about \$50,000.

The auditor is distinctly an administrative official. His sole duty is to see that the law,—its letter, spirit and intent,—is complied with.

Quite different is the power and position of the governor and council. It will be noticed that the appropriation act quoted on page 25 reads that “the governor with the advice and consent of the council is hereby *authorized* . . . to draw his warrant on the state treasurer.” The act does not *order* the governor and council to draw warrants, as probably many members of the Maine legislature and citizens of that state would assert. The power of the executive and his advisers, with respect to the control of expenditures, is therefore truly enormous, for they are justified in holding up any sum if they think there is sufficient reason for so doing. At one time it was even announced from the executive chamber that if any more game wardens of the opposite political faith were appointed, no warrants would be signed for the payment of their salaries,—and the big stick had its effect. Even in the case of very specific appropriations, it is believed on the highest authority at Augusta that the legislature would have no remedy in law against the executive, for the court would doubtless refuse to issue a mandamus against the governor.

To illustrate the manner in which orders are issued by the governor and council, the following excerpts are taken from the *Kennebec Journal* of April 11, 1917:

COUNCIL ORDERS

The following orders are among those recently passed by the governor and council.

That the minimum and maximum wage list for employes of the Augusta state hospital, Bangor state hospital and Maine school for feeble minded as prepared by the board of hospital trustees and hereto attached are hereby approved,

with the provision that the board of trustees may in their discretion make any changes in wages between the minimum and maximum figures and that all changes shall be promptly reported to the governor and council by the secretary of said board.

The state auditor on April 6 reported the following warrants drawn; No. 995, 1917 department bills, \$122,189.25; No. 996, 1917 institutions, \$76,208.31; No. 997, legislative, \$3,247.56; No. 998, state contingent fund, \$3,603.24; No. 999, 1916 balances, \$10,088.45; No. 1000, state highway commission, \$6,268.72.

That there be paid to Charles J. Dunn, treasurer of the university of Maine, \$31,875, the same being three-twelfths of the annual appropriation for maintenance for said institution.

That Mrs. Grace A. Wing, member of the state board of charities and corrections, be authorized to visit charitable and correctional institutions in Massachusetts, at the expense of the state for hotel bills and conveyances between said institutions.

That the following bills for services and expenses in connection with work performed under the direction of the attorney general to be paid from the appropriation for arrest and apprehension of criminals: Weston Lewis, Augusta, Feb. 21 to March 3, 1917, \$46.70; Joseph S. Carter, Richmond, March 2 to 28, 1917, \$194.40.

That the salaries of clerks in the office of the treasurer of state are hereby fixed as follows: J. B. Bearce, corporation clerk, \$108.33 per month; J. B. E. Tartre, wild land clerk, \$108.33; Jennie Sewall, check clerk, \$75; Ellen B. Dyer, stenographer and check clerk, \$75; all from Jan. 1, 1917.

That the salary of each hatchery superintendent in the state shall be fixed at \$60 per month, beginning April 1, 1917.

That the commissioner of sea and shore fisheries is hereby authorized and directed to place the boat "Pauline" at the disposal of the lieutenant in charge of the naval recruiting station at Machias.

In addition to approving certificates submitted by the auditor, the governor and council receive from each legislature an annual appropriation of \$10,000 as a contingent fund to be used at their discretion. It is used to pay executive and administrative expenses and items which have been omitted, at times by accident, from appropriation bills. The auditor's report for 1914 shows, as one item, \$5,923.18 paid out of this fund to "George W. Leadbetter, messenger." The entire expenditures from this fund in 1916 are given by the auditor as follows:

Contingent Fund:

Clerk hire.....	\$624.29
First friends and advisers to paroled prisoners	48.00
Advertising	86.80
Newspapers	85.95
Expenses of governor and council.....	1,188.69
Sundry supplies and expenses.....	16.65
Printing for auditor's office.....	89.20
Insurance on state house.....	375.00
E. E. Newbert	
Ac. fish screen, Patten's Pond.....	150.00
Investigating causes of fires.....	500.00
Needy blind.....	113.30
Commissioners of pharmacy.....	361.11
Highway, town of Thomaston.....	2,000.00
Adjustment of interest on lands reserved.....	200.00
Lamont A. Stevens, services rendered governor and council during 1915 and expenses for same	500.00
Ira E. Pinkham, agent Penobscot Indians, refund on stumpage.....	10.00
Stock for printing.....	192.20
Mary S. Hillman, pension.....	500.00
Kingfield, part of expense of raising grade on Riverside St.....	750.00
Harvey S. Chase & Co., public accountants.....	460.12
Parker T. Pineo, reimbursement for damage to sheep.....	121.50

There are of course certain items which it might be unwise to specify in too much detail and the governor and council are not required to make any minutely itemized report on the expenditures made from this contingent fund.¹

Sections 57-80, chapter 2 of the revised statutes are chiefly concerned with the treasurer's bond, with the permanent investment of state funds and with the issue of state bonds. A monthly statement showing the banks in which moneys of the state have been deposited is made by the treasurer, as is an annual report which is a detailed fiscal statement giving a record of all cash receipts and expenditures, of all bank deposits of state funds at the time of the report, and, in great detail, of all taxes assessed and paid. An itemized statement also shows for each town: receipts from dog licenses, apportionment of railroad and telegraph tax, school and mill fund, common school fund and amount of state tax assessed. The treasurer is strictly a banker, however; his concern is with the state's funds when in hand, not with problems

¹ Statement of Governor Milliken, November 10, 1917.

of receipt or disbursement. He is under bond not to abscond with state funds or misuse his trust.

The auditor appears on the scene again, not to supervise accounts before authorizing payment, but to check up payments already made. This he does in pursuance of section 90, chapter 2 of the revised statutes which prescribes in detail how he shall make "a full and accurate statement of the financial condition of the state, and of the financial transactions thereof for each of the two preceding years . . . , " and specifying that "all salaries and other general charges and appropriations shall likewise appear in said report; no expenditure exceeding \$500 shall, if it is composed of separate items, be included under one indefinite head." This report is to be submitted to the legislature on or before the first day of February. The auditor also makes a statement to the governor at the end of every month showing the cash receipts and expenditures for that period. He is also required by section 89 of the same chapter to audit the books, accounts and vouchers of the treasurer of state and "report the result of such examination to the governor and council." This auditor's report shows receipts and expenditures in detail for each year, the status of all appropriations and a balance sheet for each year. In a general way it might be said that the treasurer's report gives detail with reference to taxes similar to that which the auditor's report gives with reference to appropriations and expenditures. It cannot be said that either gives a clear summary of the actual financial status of the government.

All state expenditures, with two exceptions, are quite definitely specified in the appropriation acts. The exceptions are the "contingent funds." One, the governor and council's "contingent fund," has been treated already. The other, the state "contingent fund," was created by statute in 1915. Section 85, chapter 2, revised statutes 1916 reads:

The state auditor and treasurer of state shall open on their books an account to be known as the state contingent fund, to which shall be transferred and credited all balances of unexpended appropriations which exist on the first day of January of each year and which are not continued by law except such appropriations as relate to the issue and payment of state bonds, temporary loans and special funds in the state treasury department. There shall also be credited to said account on the first day of January of each year or as soon thereafter as the amount can be correctly ascertained, the amount by which the actual income of the state for the preceding year exceeds the current expenses of said year.

Section 86—The fund established by the preceding section and accounted for in the account aforesaid may be increased from time to time by direct legislative appropriations.

Section 87—Warrants may be drawn upon, charged to, and paid out of said fund, to pay outstanding bills and accounts that were properly chargeable to the several appropriations previous to the first day of January of each year; to pay outstanding bills necessarily contracted by state departments or state institutions for which the legislature failed to make sufficient provision, and to pay such other expenses as may be necessarily incurred under any requirement of law or for the maintenance of government, and which the governor with the advice of the council shall authorize, provided, however, that no payment shall be made from this fund, except as above provided, unless some emergency shall arise requiring an expenditure of money not provided for by the legislature.

Section 88—Warrants drawn upon this fund shall be supported by proper vouchers, itemized, approved and audited in conformity to law. No transfer or payments other than those provided by the three preceding sections shall be made from any fund thereby created except by special authority of the legislature.

The creation of this state contingent fund has made unnecessary the passage of deficiency appropriation bills since necessary payments during the legislative session can be made from it on warrant of the governor and council. This arrangement also makes possible the transfer of appropriations or parts of appropriations as section 88 (above) is no great hindrance. By special action on the part of the auditor during 1915-16, revenue received by almost all departments and institutions has been actually paid into the treasury as the law contemplates. Here is his statement:

Upon assuming the duties of this office, I found that several institutions were accustomed to expend their revenue to meet their current bills without any legal warrant. Thereupon, I notified the heads of the several departments and institutions that it was incumbent upon them to deposit, on the first day of each month, with the State Treasurer all moneys received by them during that period,—thus enabling the Auditor to audit all bills and the payment of same made by the State Treasurer through the proper channels as the law contemplates.¹

¹ Auditor's Report 1915-6, Senate Document No. 436, 78th Legislature.

CHAPTER IV

GOVERNOR MILLIKEN'S PROGRAM AND ITS ACCEPTANCE

FIRST STEPS

The 1916 elections in Maine went overwhelmingly Republican, making Carl E. Milliken of Island Falls, Governor-Elect, and giving the Republicans 28 out of 31 senators and 105 out of 151 representatives.

During the political campaign, little attention was paid to the operation of budget procedure. Governor-elect Milliken favored some real reform in the methods of financial legislation but he did not emphasize this in the campaign as he felt that the people did not understand enough about the subject to be interested.¹ They were far more concerned about the enforcement of the prohibition laws,—the big issue in the campaign.

Governor-elect Milliken was graduated from Bates in 1897, later took graduate work at Harvard and had had almost twenty years' experience in the lumber business. His training was not confined to the academic and business world, for in 1904 he entered officially on his career in state politics, being elected to the house, to which he was returned in 1906. Aroostook county then gave him three successive terms in the senate, of which he was elected president in 1913, at the age of 35.²

The Governor-elect considered it his duty to rule as well as reign, but his rule was not to be of the "mailed fist" order. It was to be based on the principle of co-operation and consultation with the legislative leaders and this principle began to operate long before the legislature convened. One of the first matters which demanded conferences was the budget.

He gave much time after his election to a study of the budget system, but the press did not pay much attention to his activities in this direction until the middle of December. An article in the *Kennebec Journal* for December 14, 1916 discussed the budget system at some length. It read in part as follows:

Governor-elect Milliken is now in attendance at the session of the house of governors in Washington where he is

¹ Conversation with Governor Milliken, Augusta, April 6, 1917.

² *Maine Book*.

making especial inquiries into the budget system. It is his intention on the assembling of the legislature to present to the law-making body of Maine the information he has gathered, not only from his conference with the governors of other states but also from other sources with which he has been closely in touch.

These ideas will be given to the legislature for discussion, and in return governor-elect Milliken is very anxious to get the opinions of the senators and representatives as to the working of the system. Since he was elected in September, governor-elect Milliken has been in conference informally with many of the senators-elect and representatives-elect from all parts of Maine. The leading topic of conversation at these sessions has been the budget system. . . .

Governor-elect Milliken is a staunch supporter of the budget system but in accordance with his pre-election promises he is anxious to have the matter thoroughly discussed among the legislators. There are many of them naturally whom he has not yet been able to see, but he is hoping that there will be opportunity either before the sitting of the Legislature or in the early days of the session when the matter may be thoroughly threshed out.

Publicity

The *Kennebec Journal*, the only daily newspaper published in Augusta, and the official state paper,¹ printing a stenographic record of the legislative session, and giving far more space to State House news than any other paper in the state, featured Governor Milliken's budget program from the start. Mr. Gilbert R. Chadbourne, the editor, writing under date of October 19, 1917, said:

We gave almost unlimited space to the financial questions because the budget system had been urged by us editorially for a number of years, and because we hoped to be of some assistance to the governor in "putting it over."

Reference will constantly be made to its columns as it furnished very comprehensive information on the budget situation. Its issue of December 15, 1916 displayed this two-column head on the front page:

¹ Public Laws of 1917, chapter No. 1.

HOUSE OF GOVERNORS GIVES GENERAL APPROVAL
TO THE BUDGET SYSTEM

Maryland Provisions Discussed At Thursday's Washington
Meeting

Executives Are Dinner Guests at White House—Governor-
Elect Milliken and Former Governor Haines Attending

An article by the state house reporter in the same issue shows the situation at that time:

Those "nothing-to-do-until-tomorrow" days of the Maine legislature are going to be relegated to the background. This long sought for reform will be brought about according to the opinion of progressive legislators by the inauguration of the budget system. . . .

"The plan would be simplicity itself," said Governor-elect Milliken, in discussing the proposition. "Either the committee on appropriations or a special committee named for the purpose would have for its especial duty a thorough investigation of the estimates contained in the budget. A hospital seeking a certain sum would be assigned for consideration on a particular forenoon or afternoon during the days when there is really nothing under the present system to engage the attention of the legislators."

In this article the governor-elect goes on to propose that a whole half-day be given to the hearing for each department or institution, and that after resolves are introduced a second hearing be given by the appropriations committee.

After the governors' conference, Governor-elect Milliken continued his budget studies, conferring with President Goodnow of Johns Hopkins, an authority on the budget and especially on the Maryland plan and with Dr. F. A. Cleveland and Dr. C. A. Beard of the Bureau of Municipal Research, New York. Upon his return to Augusta, he made the following statement:

I believe that the constitutional amendment as passed in Maryland is logical but the same result can be accomplished by co-operation between the governor and the legislature without a constitutional amendment. . . . After my trip I am more strongly in favor of the budget system than ever.¹

Publicity in regard to the budget was not confined to reports of the opinions and activities of Governor-elect Milliken, for on

¹ *Kennebec Journal*, December 20, 1916.

January 2, 1917 the *Kennebec Journal* began the publication of a series of four articles by Dr. Charles A. Beard, then Professor of Politics in Columbia University on "The High Cost of State Governments." Announcing this series in an editorial on December 30, 1916, the *Journal* said:

Prof. Beard reviews, succinctly, the accomplishments of other states along this line and draws sharp contrasts between *business* methods, in the full light of publicity, and largely prevailing log-rolling methods, in the dusk of secret conference and trading.

As Governor Milliken is to lay the subject before the legislature for consideration, every senator and representative will be glad to read everything in relation thereto. Many will no doubt wish to preserve this series for reference in the discussion to come.

Auditor's Estimates

While the Governor-elect was at work on his new budget proposals, the state auditor as has been noted was compiling estimates. These were made up in the time-honored fashion and the reasons for expenditures were omitted from the printed report, even if they were submitted by the one making the request. These were published the middle of December and totalled:

	1917	1918
Departments, boards and commissions	\$5,542,340.09	\$5,346,978.42
State institutions	1,695,673.04	1,376,838.94
Charitable, benevolent and educational institutions	300,663.72	208,595.00
Individuals and corporations	4,000.00	3,000.00
Total: Regular and special appropriations asked for	\$7,542,676.85	\$6,935,412.36 ¹

The auditor estimated, that, exclusive of the state tax, receipts to the government in 1917 would be \$3,167,504.83, and in 1918, \$3,610,789.63. To meet the obligations of the government if all the appropriations which had been asked for were granted, he showed that the tax rate of the state would have to total 15 mills for the two years, or an average of $7\frac{1}{2}$ mills a year.² This seemed enormous in view of the fact that the rate had never

¹ See Note at end of chapter, page 82.

² State Auditor's Tabulation of Estimated Expenditures and Income, 1917-1918, Waterville, 1916, p. 35.

been over 6 mills and had not exceeded 5 mills since 1911. It is not surprising therefore that the state house reporter for the *Kennebec Journal* should have found material even before the close of December for a half-column article headed "The Pruning Knife Already Going into the Estimates." In this article especial attention was paid to the increased demands made by the state and state-aid institutions, into which, it was stated, secretary James F. Bagley of the state board of charities and corrections was making an exhaustive inquiry. Indeed Mr. Bagley seems to have been one of the few men who had not forgotten the 1915 budget law, for on December 29, 1916 he transmitted to the governor a "Special Report of the State Board of Charities and Corrections in relation to Charitable and Correctional Appropriations for 1917-8," with this letter:

HON. CARL E. MILLIKEN,
Governor-elect.

Dear Sir:—

Pursuant to the provisions of Section 4, Chapter 196, Public Laws of 1913, I am directed by the State Board of Charities and Corrections to submit herewith, for your use in preparing the budget which you are required by law to submit to the Legislature, and for the information of the Legislature in making its appropriations, a statement containing the views of the Board in relation to the appropriations required by charitable and correctional institutions for the years 1917 and 1918, and the principles which should govern in making these appropriations,

Yours very respectfully,

(signed) JAMES F. BAGLEY,
Secretary.

Governor-elect Milliken also looked over the auditor's reckoning. He, too, was astounded at the total of almost fifteen millions, but was perhaps inclined to think that such a situation would give him more support for reform measures. At any rate he recognized the necessity for an increase in state expenditures and believed that fact itself demanded the inauguration of a new system of financial control, the budget plan. "It will be necessary," he said, "to find out just what are the actual needs of the various departments and institutions and to make the appropriations accordingly. Were the budget system in effect the legislature would be informed even to cents as to the amount of money actually needed. They would then be able to act much more intelligently than under the present arrangement, and

actual needs would be met much more fairly than can possibly be done now.”¹

The Governor Before the Legislature

Thus was the stage set when the seventy-eighth Maine legislature began its process of “getting together.” The constitution states that the legislature shall convene on the first Wednesday of January, but the lights were burning throughout the state house several hours before 12.01 a. m. on the stated day and many of the legislators might have been found wending their way to the seat of government in the early hours of the evening of Tuesday. They were not, however, visiting the state house as state senators and state representatives but as members of two great political parties to which they owed allegiance. Six caucuses to nominate officials were held that evening: house Republicans, house Democrats, senate Republicans, senate Democrats, house and senate Republicans, house and senate Democrats. The joint caucuses nominated the officers to be elected by joint ballot of the house and senate and the separate caucuses drew up the slates of officials to be chosen to serve their own respective bodies. It was 2.23 a. m. Wednesday, January 3, before the final ballot in the Republican joint caucus was announced and the servants of the G. O. P. were permitted to go home for a few hours’ sleep before the call for the official legislative assembly at 10 a. m. should arouse them.

The personnel of the legislature demands a word, for social distinctions are bound to show themselves in governmental action, even on appropriation measures. The senate of 31 members was composed of eight lawyers, four lumbermen, three general insurance agents, two canners, two merchants, two bankers, two physicians and druggists, a farmer and teacher, a coal dealer, a farmer, a merchant and banker, a civil engineer, and a lumberman and farmer. Fourteen of these men had had a collegiate education and twenty-five had had former legislative experience. The house of 151 members included 35 farmers, 18 lawyers, 17 merchants, five lumbermen, five insurance agents, four physicians, four traveling salesmen, three school teachers, three farmers and merchants, three canners, three manufacturers, three dealers in live stock, and three retired businessmen. Most of the others were engaged in some kind of business. Twenty-nine of them had had a college education and 46 had had legislative

¹ *Kennebec Journal*, December 28, 1916.

experience,—“the largest number of experienced members for more than ten years,” to quote the *Kennebec Journal*.¹ The governor and 41 of the 182 legislators were under forty years of age.

Thus constituted the legislature as an official organ of the state government, met on Wednesday morning, January 3, and after electing officers and passing certain resolves of a routine nature adjourned until Thursday. One time-honored resolve, passed on Wednesday, provided that each legislator should be provided with three newspapers daily during the session. Representative Robert Lee Bussabarger, Democrat from Lubec opposed this resolution on the ground that it was an extravagant expenditure of \$500 to \$600. A significant part of his speech reads as follows:

Before leaving for this capitol, a good Republican friend called me over the phone and said, “Be sure and send me the *Kennebec Journal*; it won’t cost you anything.” Also, a deserving Democrat, who had worked for the support of the member from Lubec, said, “Be sure and send me a good Democratic paper”; that would only leave one paper for the speaker. . . . I am unalterably opposed to special class legislation of any kind whatsoever—or any subsidy—to a special class of three per cent out of one thousand, when 997 per cent are the people who have to pay for it.

Mr. Rounds of Portland speaking later on the same resolve said, “I for one say they should have three papers if they want them and I am willing to so vote,” and he seemed to express the opinion of the House, for the resolve went through on a *viva voce* vote.

On Thursday morning, January 4, it might be said that the real work of the session began. Senate and house met in joint convention and before them the governor-elect took his oath of office. He then communicated to the assembly his view of the task which lay before them, giving specific attention to the budget before treating of any other matters. The first part of his address, to the conclusion of his remarks on the budget are quoted here in full, with italics by the writer of this report:

Gentlemen of the Seventy-eighth Legislature:

Chosen by the people of Maine for a common task, you and I are set apart together by solemn oath before Almighty God. Not as individual farmers, manufacturers, professional men,

¹ *Kennebec Journal*, Supplement, January 3, 1917.

but as the directors of a great corporation, we are to plan together for the welfare of the whole people. We shall best show our gratitude to those who sent us here and best deserve their confidence by full recognition of the obligation imposed by this relationship. We are public servants and the public good must be our only interest.

Our government is divided into three branches, legislative, judicial and executive, yet this partition of powers is neither absolute nor complete. My responsibility is primarily executive, but it is my constitutional duty to suggest appropriate legislation and to register approval or disapproval of each act or resolve which you will pass. Therefore, with due deference to your judgment and with no desire to usurp in the slightest degree any proper function of yours, I still frankly accept my share of the responsibility for the final results of your labors and invite your consideration of some important general features of the task before you.

My first suggestion is a word of caution against too much legislation. The enactment of too many laws tends to confuse the people and decrease the general respect for law. You can earn fame and the lasting gratitude of your constituents by making only necessary and well-considered changes in our statutes, and by rejecting everything petty or trivial. You are especially urged to refuse private and special legislation for purposes that can be accomplished under the general law and to decline further to cumber the statutes with special regulations of fishing in particular streams or ponds.

THE BUDGET SYSTEM

It is your duty to make adequate provision by appropriation from the public treasury for all proper public needs and to provide the necessary funds by just and equitable taxation. State departments and institutions are entitled to your first consideration. Next you should provide reasonably for those charitable and benevolent institutions whose work partakes of the character of public service.

The high cost of all materials and supplies creates a special emergency in connection with this problem. An examination of the requests for appropriations filed with the State Auditor by State departments and charitable and benevolent institutions shows that the total asked for during 1917 and 1918 exceeds by more than \$4,000,000 the total appropriations for all purposes for the years 1915 and 1916.

I urge you to meet this extraordinary situation by careful and *painstaking scrutiny of all sources of revenue and all proposed appropriations before any expenditures are finally authorized*. Ordinary business sense plainly dictates such a course. Yet in the *experience of our Maine legislatures* such

knowledge in advance of final decision on resolves appropriating money is not only *never obtained but is impossible under our customary procedure*. Private and special resolves are introduced on the same footing with those providing for necessary public expenditures. Each is heard by the appropriate legislative committee and each reaches the Governor for approval *without review even by one central committee* of the legislature and in the haphazard order of final passage.

The average member of the legislature desires to consider all proposed appropriations carefully. He finds, however, that during the first weeks of the session very few such matters are heard before committees and little other business is actually done, while the rush and hurry later in the session prevent anything like adequate comprehension of the entire financial program, either by the members of the Legislature or by the general public. The legislators themselves fail to acquire a *due sense of the relative importance* of each proposed appropriation in the general financial program, and the public cannot definitely *fix the responsibility* for any particular expenditure.

It is only because of the average high character of the membership of our legislatures that we in Maine have escaped the full consequences of extravagance and waste which this faulty system has produced elsewhere. A similar method prevails in most states and in the national government. America is, however, the only great democracy in the world that permits the appropriation of public funds by such inefficient and irresponsible methods.

The remedy is found in the *executive budget* used in Great Britain for more than two hundred years. It is now favored in some states in this country, has actually been adopted in one state and has been advocated for the national government by at least one recent president during his term of office.

The budget plan is the presentation of a *complete financial program by the responsible executive before any expenditures have been authorized by the legislature*. Such presentation must include a summary of available revenue and a *detailed schedule of expenditures*. Members are thus enabled to judge for themselves the *comparative importance of all proposed appropriations*. By this system, a member favoring an increase in any particular appropriation beyond the budget estimate must accept a *definite responsibility* for advocating this added expenditure. It is also evident to every member and to the general public that an increase in any particular expenditure beyond the amount suggested in the budget must be offset by a corresponding decrease in some other item.

A prudent tailor before grasping his shears marks out his patterns carefully upon the available cloth. So the execu-

tive presenting a budget to the legislative assembly points out clearly how much revenue may be expected and suggests a corresponding schedule of expenditures. Just as the tailor may shift any pattern before he uses the shears, so the legislature may change the size of any particular appropriation but in that case must be responsible to the people for such deviation from the budget proposal.

Mindful of the special financial emergency which now confronts us, and believing earnestly that a change from our customary method of making appropriations is advisable, I ask you to join with me in an effort to *establish a real budget system*. No new legislation is necessary at present. I propose a series of *informal public hearings conducted jointly by the governor and council and the appropriate legislative committee*. The representatives of each department or institution asking an appropriation can be invited in turn to present their requirements in such detail as may seem advisable. After about three weeks of such discussion and conference, I hope to present *a detailed budget for your consideration*. *You will then go about the work of making appropriations and will give to the budget suggestions such weight as in each instance you may think proper*. The time spent in preliminary hearings will have caused no delay, for, under our customary method of formal committee hearings, practically no business is done during the first four weeks of the average session. *Each of you will have had the opportunity to hear every detail of the financial program discussed*, a privilege no one member of any previous legislature ever enjoyed. By constant attendance during January, you will have acquired early in the session that mutual acquaintance which is a necessary basis for useful public service. Through these preliminary hearings, much of the expense of legislative advertising will be eliminated, for in each case where the budget suggestion is accepted by the institution or department, no formal hearing later in the session will be necessary.

This proposal is the fruit of a diligent study of our financial problems in the light of past legislative experience and it is made for the sole purpose of improving our method of managing the public business. *By common consent it is the governor's duty to restrain the total of appropriations within the limits prescribed by reasonable expectation of revenue*. The budget plan is not an attempt to enlarge that responsibility; it is only a suggestion that such restraint be preceded by a detailed financial program presented after careful examination of all pertinent facts and after full discussion of each of you with every interested party.

Governor Milliken made three definite propositions with relation to financial legislation,—three propositions which, it is probably safe to say, had never been presented to a Maine legis-

lature before. First, he proposed that the executive be allowed to set the limits for the total of appropriation measures, and that the legislature confine its activities to the size of particular appropriations. Second, he suggested a series of joint hearings on appropriations before the governor, council and appropriate legislative committees. Third, he requested that the legislature join with him in adopting certain features of the British budget system, not by enactment of a statute but by unwritten voluntary action. Such action would involve the hearty co-operation of the legislature in the budget procedure of the governor which would mean the non-enactment of appropriation acts and resolves until the governor had submitted his budget and serious consideration had been given to it as thus submitted. His propositions then contemplated joint action of the executive with the legislature in the creation of the financial plan.

Legislative Organization

The *Legislative Record* for the session of the house for January 4 (page 33) reads:

From the senate: Ordered, that a joint select committee of three on the part of the senate, with such as the house may join, be appointed to consider the governor's message and report the reference of its several subjects to appropriate committees.

The order received a passage in concurrence.

Officially the message was thus disposed of but unofficially it went to the steering committees of the Republican and Democratic parties. Leon F. Higgins of Brewer, chairman of the Republican senate caucus 1917, states that the steering committee usually consists of the chairman of the joint caucus as chairman and four other members of the caucus. In a letter dated October 27, 1917, he goes on to say:

The duty of this committee is to take the inaugural of the governor and go over it in detail and make such recommendations to the caucus as they may think advisable for the interests of the party. As you probably know, they do not always follow the advice of the committee, but I am of the opinion that nineteen out of twenty times they will do so; *especially was this true at the last session of the legislature.*

To return to the realm of official action, a word about the appointment and personnel of the joint standing committees seems in order. From the financial standpoint, the committees on appropriations and financial affairs, on education, and on ways and

bridges are most important, as they control the bulk of the annual appropriations made by the state government. Other committees of lesser importance from this standpoint are as follows: agriculture, Indian affairs, inland fisheries and game, insane hospitals, military affairs, pensions, public buildings and grounds, public health, salaries and fees, school for feeble minded, sea and shore fisheries, state prison, state school for boys, state school for girls and women's reformatory. Each one of the first three committees named above passes on annual appropriations in the neighborhood of \$200,000 or over and those in the second group usually recommend resolves totaling at least \$25,000 for each year.

To be chairman of the committee on appropriations and financial affairs (probably the most important legislative post with reference to the budget) President Bailey of the senate appointed Senator Leon F. Higgins of Brewer, the majority leader in that house. Mr. Higgins, an insurance agent with offices in Bangor, has been three times mayor of Brewer and was a member of the house of representatives in 1913 and 1915 and during the 1915 session was a member of the appropriations committee. The *Bangor Daily News* (Rep.) in announcing his appointment in its issue of January 11, 1917, headed the item, "Higgins Highly Honored."

According to the biographic sketches published in the *Kennebec Journal* on January 3, 1917, none of the members of this committee had had a college education but exactly half of them had been members of the legislature in former years, and one in addition to Senator Higgins was a member of the appropriations committee in 1915,—Representative Nicholas of Eastport. All of the senate members were Republican and all happened to be insurance agents. At least five of the house members were business men. Two of them had been town clerks for ten years, one came of an "old ship-building and ship-owning family," another was described as "one of the largest tax-payers in Bangor." The two last referred to were Democrats. It is evident that this committee represented the business interests of the state.

Four of the ten members of the committee on education had had a college or professional school education and one other had served his local constituency as superintendent of schools. Six had had previous legislative experience and one had served on the education committee in 1915. An analysis of their occupations shows that six were engaged in business, two in farming

and two in professional work,—one a doctor and the other a lawyer. The Republicans had nine representatives on this committee and the tenth member was an "Independent Democrat." The membership contained representatives of the following religious denominations: Universalist (2), Unitarian, Free Baptist, Christian Scientist, Congregationalist, Methodist, but no Roman Catholic.

Seven men in business, two in professional careers, and one in "agriculture" composed the committee on ways and bridges. Five of these had had previous experience in the Maine legislature and five had had a college or professional school education. It is interesting to note that only one represented a city of any size.

THE GOVERNOR AS THE LEGISLATIVE LEADER

Early Relations with Committee Chairmen

An outline of the situation up to the beginning of the actual work of the legislative session has been given: the presentation by the governor of his program requesting the co-operation of the legislature and the organization of that body itself into committees for action.

It was with the chairmen of the various committees that the governor first sought co-operation. He did not begin by attempting to educate them in a formal way with reference to the details of budget procedure which he had in mind, but brought to their attention a statute of 1915 which gave him large power over the internal administration of the legislative committees. These committees had been accustomed to almost unlimited freedom in employing clerks, stenographers, etc., and in running up rather large items for "junket" trips. Chapter 25 of the private and special laws of 1915, he reminded them, read as follows:

Sec. 1—The governor and council shall, by a general order, to be revised at the beginning of each session of the legislature, determine which of the legislative committees may have the service of subordinates and in what capacities, and shall fix the compensation to be paid to such subordinates. They shall also from time to time, during the session of the legislature, when found necessary, authorize other necessary assistance to the committees.

Sec. 2—No legislative committee, or officials chosen by such committee shall employ clerks, stenographers, or other clerical help, at the expense of the state, until so authorized by the governor and council, and the subordinates employed

by such authority shall receive no other compensation from the state, than that fixed by the governor and council.

It was not, however, for the purpose of holding this statute over them as a threat that the governor called the committee chairmen together on January 10. Quite the opposite, for on taking the chair at the request of President Bailey of the senate, he said:

I earnestly hope this is the beginning of actual co-operation between the legislative and executive branches. Our machinery makes such an intimacy rather difficult—far more so than is the case in many other states. But I believe there should be better “team-work” than has existed in Maine heretofore. It is not, however, in my opinion, the province of the governor and council to dictate to the committees the amount of clerk hire necessary. We will be glad to offer suggestions or advice; but the actual responsibility, gentlemen of the committees, rests with you.

Hon. T. F. Callahan of Lewiston has been appointed by the council to have charge of the mechanical details of the budget, and I suggest that all committee chairmen confer with him.

The meeting was then thrown open for discussion and amid laughter President Bailey exclaimed, “It isn’t often that we can get the Governor right up in front of us, where we can talk to him.”¹

As Governor Milliken had hoped, harmony reigned and the next steps in budget making could be carried out.

Unanimity of opinion with reference to the budget, however, did not exist. Perhaps this was largely due to ignorance,—at least this was the opinion of Gilbert Chadbourne, editor of the *Kennebec Journal*, who said that many of the legislators came to Augusta prejudiced against the budget because they understood it would mean a loss of local appropriations and that therefore they would be out of favor with their constituents.

The governor believed in education by experience rather than by lecture and text-book,—in fact no one seemed to pay much attention to the latter process, to judge by the sparse collection of literature on the budget to be found in the legislative reference department of the Maine state library. The complete collection consisted of the following:

“Public Budgets” in the *Annals* of the American Academy of Political Science, November, 1915; MUNICIPAL RESEARCH Nos.

¹ *Kennebec Journal*, January 11, 1917.

58, 70, 73; Report to Governor-Elect Harrington, Comptroller of Maryland, by certified public accountants with reference to the Proposed Budget, Dec. 15, 1915; Proposed New York Constitution, 1915; Budget Procedure—Mass. House Document No. 2288; "Saving the State's Money" by H. L. Stimson, with reference to the proposed New York Constitution, 1915; Maryland Governor's Address to the Governor's Conference, 1916; Guide to Ohio Departments for Budget Making, 1917; "Constitutional Provision for a Budget" by Dr. F. A. Cleveland, Vol. V. No. 1, Proceedings of the Academy of Political Science, 1914.

Although the Governor sought legislative co-operation and was determined to put the budget through as a co-operative affair, he was obliged to act to a certain extent in a purely executive capacity in order to form the financial plan.

He was determined to put the program through on its merits, not by in any sense "buying up" the legislature. He took no part in the contest for president of the senate or speaker of the house, and did not try to interfere with the appointment of committees¹ although it is claimed in certain quarters that his failure to make certain appointments to high administrative posts in the early part of the session naturally affected the attitude of legislative factions toward him.²

To create a budget which would pass on its merits, the governor needed some staff assistance, although "he showed a grasp of detail regarding the affairs in all departments of the state that was a surprise even to those who thought they knew him most intimately."³ For assistance he relied on the budget director, Mr. T. F. Callahan and Mr. J. F. Bagley, secretary of the state board of charities and corrections. Mr. Callahan was selected for this work because he had been state auditor during the 1913-4 term and was therefore familiar with the financial organization and operation of the state. He was also recognized as an expert in handling figures. He did not accept this position until the first of January, 1917 and was appointed only for the legislative session. Mr. Bagley's connection with the budget was largely an unofficial one. His more or less intimate contact with the large number of institutions to which the state made annual grants of considerable sums had aroused in him a keen interest in financial control. He had studied budget methods before the

¹ Statement of Mr. J. F. Bagley, Secretary, State Board of Charities and Corrections.

² Statement of Mr. John E. Bunker, ex-Secretary of State (Democrat).

³ *Maine Book* biographical sketch of Governor Milliken, 1917.

governor came into office and the latter was glad of his co-operation and assistance. The preparation of his budget recommendations for the governor has already been noted.

On Thursday afternoon, January 11, Governor Milliken called another conference,—of the committee on appropriations and financial affairs, with the president of the senate, the speaker of the house and representatives of several other committees. In the course of the conference the various points about the budget were thoroughly discussed and the conference proceeded a long way in what Governor Milliken characterized as the working out of something entirely new in which the executive and legislative branches must feel their way. He made it clear that one of the purposes of the budget system was to give every member of the legislature as well as the particular committees an opportunity to hear the facts about the various institutions.

The governor emphasized particularly the point that resolves should not be delayed in their introduction because of the budget system but rather that it was desired to have them all introduced as soon as possible, in order that consideration of them might enter into the budget, although it was asked that final action be delayed until the budget was made out.

A committee consisting of Senator Higgins, chairman of the appropriations committee, Budget Director Callahan and Councillor Norton had made out a program for budget hearings. This was announced by Governor Milliken at the Thursday afternoon conference. The program set Friday morning, January 12 at 9.30 a. m., as the hour for the first hearing.¹

Joint Budget Hearings

As has already been intimated, the so-called budget or joint hearings were held before the governor, council, committee on appropriations and financial affairs and any other committee which was directly concerned with the particular appropriation under consideration. Government departments were scheduled to appear first, then state institutions and lastly, state-aided institutions.

Most of the hearings were held in the council chamber,—and just here a further word about the council may be in order. The 1917 council, elected by a Republican house and senate, consisted of seven Republicans, five of whom had served at

¹ *Kennebec Journal*, January 12, 1917.

least one term in the house. All of them were over forty-five years of age,—i.e. at least seven years older than the governor whom they were chosen to advise. Four were business men, two were lawyers, and one was a newspaper editor.

The budget hearings were managed on a strictly co-operative basis, Governor Milliken and Senator Higgins (as the leading financial representatives of the executive and legislative departments) presided over most of them jointly. The new scheme seemed to meet with general approval, as the *Portland Daily Eastern Argus* noted editorially on January 12, stating that the governor's "budget recommendation is at once being favorably acted upon."

Heads of departments and institutions were notified in advance of the hearings and they were requested to send representatives who were to be allowed a limited time to speak. Hearings proceeded more rapidly than in the past and the cost of advertising such sessions was eliminated in most cases. Five officials were heard during the first morning, Friday, January 13. The hearings were more or less of a judicial nature, as the head of the department or institution was expected to show cause why he should be granted the appropriation for which he had made request through the auditor's office. The governor, council and members of the legislative committees did whatever cross-examining seemed necessary to produce all facts essential to a proper decision with regard to the appropriation to be granted. The governor sent in his messenger, George W. Leadbetter, as sponsor for the "executive department" requests, as he was undoubtedly better acquainted with the details of the state's business than any other man.¹ No stenographic record of the hearings was kept and there is absolutely no official evidence as to what took place but the public were admitted freely and the *Kennebec Journal* gave good concise reports each day, frequently using two-column heads on the front page.

After a hearing both executive and legislative officials were free to make up their own minds as to the proper amount for the department or institution concerned and although this matter was considered in executive session, no vote was taken. Governor Milliken did, however, continue to hold occasional conferences with his legislative aids to make clear to them his budget program and procedure. An important gathering of this kind was held on Wednesday morning, January 17 in the senate

¹ *Kennebec Journal*, January 18, 1917.

chamber. Senator Higgins moved that all legislative committees be invited to meet with the governor and council in budget hearings and this was agreed to as it was fully in accord with the governor's program. In reply to a question from Senator Deering of York, the governor said that formal hearings by the appropriations committee would be unnecessary unless institutions or departments should be dissatisfied with the appropriations recommended in the budget. Representative Rounds of Portland maintained that requests for salary increases would probably come in later, but the governor expressed the hope that such requests would be filed at once and that the committee on salaries and fees would confer with him as to the policy which should be pursued.¹ The governor further outlined his policy as follows:

It is not my intention to point out what special appropriations should have preference. It is my purpose, to indicate in the budget, the probable income under existing tax laws and at a tax rate agreed upon after a conference with the committees, and also the "overhead expenses" and the amount of money left over to meet special appropriations which are asked for. The legislature will then determine what special appropriations should have preference. . . .

The recommendations in the budget will balance; the report of probable income on one side and the recommended appropriations on the other. The difficulty that we have experienced in the past is that the committees have not known how much they could appropriate, and come out even on their tax rate. When the executive budget is presented, the committees will know how much they can appropriate and come out even, and that if they increase those appropriations they must also increase the revenue.

The *Kennebec Journal* read as follows on the morning of Friday, January 19: "Thursday was another strenuous day at Maine's Capitol, the Budget System hearings being the center of attraction, with a good sized crowd in attendance at the sessions which occupied all day." These hearings began that day at 9 a. m.,—an early hour for the legislators who rarely begin their sessions before 10 a. m.,—and items were pushed along one after the other at good speed. Under the new system as many as thirteen hearings could be held in one afternoon, compared with three or four under the old program of purely legislative committee sessions.²

¹ *Kennebec Journal*, January 18.

² Statement of Senator Higgins of Brewer, March 27, 1917.

Governor Milliken expressed himself as highly pleased with the progress of the budget hearings at this time, saying:

We have made excellent progress in the line of preliminary investigation as to the needs of the various state departments and state-aided institutions, considering that the plan is new to practically all of us and it is necessary to go slowly in order to firmly establish our position. . . .

We are hoping to finish the work of the public hearings this week. That will mean some long hours at the hearings, probably some evening sessions, but it will be realized that they must be completed before the meetings of the committees begin, especially those which will have any connection with the financial matters of legislation.¹

Senator Higgins was also quoted at the same time as one of the system's strongest advocates. He also stated that there would probably be legislation later in the session to make the budget system a part of the legal machinery of the state.

Practically all the budget hearings were completed on Friday, January 26, as Governor Milliken had predicted. Thus in two weeks all members of the legislature, and the council and all other interested parties were enabled to gain a comprehensive, intimate acquaintance with the demands and needs of the various state departments and institutions. Throughout these days, Governor Milliken clearly demonstrated his right to the office of chief executive. He it was who managed the hearings and he it was who did a large part of the cross-examining, although he in no sense monopolized the program. Presiding officers were changed according to the nature of the hearing. When, for example, the appropriation for the state hospitals was under consideration, the chairman of the joint committee on state hospitals took the chair, along with Governor Milliken.

Opinions vary as to how generally the legislators took advantage of this opportunity to learn about the financial problems confronting them. Senator Holt stated that they attended the hearings only when they were personally interested as they were busy most of the time in getting their committees organized. Governor Milliken believed that they had no good excuse for absence, however, and stated that many senators and representatives expressed gratification for the opportunity thus given to them. Councillors Farnsworth and Norton were enthusiastic over the knowledge they had gained from the hearings, although they did not think that facts were always brought out very clearly.

¹ *Kennebec Journal*, January 22, 1917.

At the conclusion of this part of the budget procedure, Governor Milliken made the following statement:

Yes, today's hearings virtually complete that part of the budget system work, although several parties and departments will have to be consulted at times before making our report to the legislature. Just when that report will be made is hard to say just now, but I doubt if it is made before the time limit—Feb. 9—placed by the legislature on the reception of bills and petitions for private and special legislation.¹

During and after the budget hearings, both the executive and legislative branches of the government were carrying on their own private investigations wherever they deemed it necessary. Budget Director Callahan stated that he did a large amount of statistical work, comparing all appropriations of the last few years with the actual expenditures in each case, so that he might intelligently put questions at the budget hearings. He also made some personal investigations,—especially into the situation at the University of Maine. Although Mr. Callahan was questioned about his exact methods and a request was made to see his statistics, the writer of this report was unable to locate his workshop, to gain any very clear conception as to the details of his work, or to see any of the valuable data which he claimed to have gathered and to have worked upon. Governor Milliken had frequent private conferences with department heads with reference to their appropriations and was making up his own mind about the proper amounts to be granted as a result of his own examinations, the facts brought out at the budget hearings and the investigations made by Mr. Callahan.

Legislative committees also made their own investigations in certain cases but everything was done by both executive and legislative leaders to reduce the cost of such enterprises to a minimum. Early in the session Governor Milliken requested all committees to hand in to him an estimate of their expenses for clerk hire, inspection trips, etc. Senator Higgins said that the expenditure of state funds for "junket trips" had been greatly reduced,—that three members of a committee went to an institution in 1917 where ten went in former years. The education committee seems to have been the only real offender in this direction. The entire ten went off to visit the University of Maine and four of the state normal schools right after the session

¹ *Kennebec Journal*, January 27, 1917.

began,—running up a bill of some \$500.¹ Resolve Chapters No. 104, 118, and 119 providing for the expenses of legislative committees in 1917 totalled \$1,009.56, of which \$453.28 was for the committee on education. No other committee received more than \$80. This record is in marked contrast with that for 1913 and 1915. In the former year, the auditor's report (p. 49) shows an expenditure of \$8,009.55 for legislative committees and an additional item of \$8,691.90 for legislative hearings. In 1915 the report (p. 97) shows \$7,655.43 under the former heading. Legislative committee hearings were held on all resolves but on account of the budget hearings much time was saved when items thus came up the second time.

It might be said that the chief facts were brought out in the co-operative hearings but that the executive and legislative departments proceeded to consider them separately, although the latter consented to withhold action until the governor had made known his conclusions.

The governor continued in frequent conference with the committee chairmen. On Wednesday, February 8, he was in session with the council and Mr. Callahan with reference to the form in which the budget report should be made. The governor outlined the form which he had in mind, and asked the council to discuss the various statistical items with Mr. Callahan. The governor also said:

. . . In the preparation of appropriation bills, I should ask that a scientific division of the money asked for should be made in the cases of all state institutions, so that if one should ask a certain total, that amount would be divided into its proper items, such as maintenance, salaries, materials or supplies, repairs, etc. Then, instead of a number of resolves relating to one institution, all the items should be collected into one lot and carried in one resolve. . . .

The Budget Presented

On Wednesday, February 14, just six weeks after the legislature of 1917 had convened for its first session, Governor Milliken called the house and the senate together in joint convention. He placed before them his executive budget, consisting of five statistical tables and read an address of some length in explanation of the tables. These tables were as follows:

"A,—A statement of the current assets and liabilities at the close of the year ending Dec. 31, 1916;

¹ Statement of Senator Higgins and Representative Brewster, March, 1917.

“B,—A statement showing the prospective revenue for 1917 and 1918, and the probable increase which would result from each recommended change in taxation;

“C,—Definite detailed recommendations for all expenditures for state departments, state institutions and private charitable institutions in comparison with the appropriations in 1915 and 1916 and the amounts requested in 1917 and 1918;

“D,—A detailed analysis of the maintenance appropriation for each of the institutions to be wholly supported by the state in 1917, 1918 and the corresponding expenditures in 1915, 1916,—all under the following heads: personal services, food supplies, clothing, repairs and equipment, general expenses;

“E,—Report of the commission on the intangible property tax.”

His address took up these tables, after a brief introduction which was in part as follows:

Gentlemen of the legislature:

I have sought this opportunity of presenting to you in detail a complete financial program showing available cash resources on hand January first, 1917; revenue which may reasonably be expected during each of the years, 1917 and 1918, with no change in existing laws; increase of revenue which will be available if certain proposals regarding taxation are enacted into law, and expenditures recommended for all necessary public purposes and for those charitable and educational institutions which have been accustomed to receive aid from the state and which filed their requests with the state auditor on or before the first Monday in December, in accordance with the law.

Before proceeding to a discussion of the estimates themselves, allow me to recall briefly to your attention some of the purposes of an executive budget and the resulting rules by which we have been guided.

The budget is intended to help the people exercise through their chosen representatives the right to control the public purse,—to determine what work shall be done by the state and how much shall be paid for it. It is important not only that such a program shall afford the legislature the opportunity to compare total proposed expenditures with prospective revenue before any expenditures have been authorized, but also that the legislature and the public shall be furnished sufficient information to permit complete analysis of each expenditure and definite fixing of responsibility upon the spending officer.

The real budget itself is contained in the schedule of figures which have just been placed in your hands in printed form.

It is an important function of the budget system not only to enable the legislature to scrutinize all proposed public

expenditures before authorizing any of them, but also to make possible definite fixing of responsibility upon all spending officers of the government through a cost system sufficiently detailed to permit accurate comparison between expenditures for like purposes in different departments.

Appropriations for all state departments should be made in the manner indicated for these institutions. That is, a general sub-division of the maintenance should be indicated but special individual salaries should not be fixed. The details of expenditures under each sub-division should be left to the discretion of the heads of departments under the control of the governor and council. Definite comparison should always be possible between expenditures for like purposes in different departments in proportion to the amount of public service rendered. For example, it is absurd that the head of a state department should be unable to change the salary of a clerk or stenographer without an act of the legislature. Only the salaries of responsible heads of departments should be fixed by law. All other details involving personal service should be left to the judgment of the head of a department within his appropriation for that purpose and under the general oversight of the governor and council.

It does not seem wise to suggest at this time all the changes necessary to introduce this scientific method for maintenance appropriation in all departments. Because the budget itself is new it has seemed better to suggest beginning this system with the state institutions in the hope of pointing the way for its adoption in all departments.

By way of summary, the governor concluded his message as follows (*italics by the writer of this report*):

In preparing this budget the financial program of the state has been treated strictly from a business point of view with the idea of pointing out how the necessary revenue can be most fairly and equitably secured and what expenditures are most needed for the general welfare of the people of the state. Recommendations both for taxation and for expenditure have been made with complete disregard for political influence of individuals and the comparative importance of cities and towns where institutions asking for state funds happen to be located. The sole purpose has been to offer a program which would raise by taxation the smallest amount of revenue consistent with public needs and distribute these funds to the various institutions and departments in strict proportion to the relative importance and amount of public service expected from each of them during the years of 1917-1918.

As you all know, *this budget program is in fact the joint product of the legislature and the executive department.* It has

been my task to determine how much of the available revenue might fairly be assigned to each general department or institution, but within the limits of revenue thus imposed the question of the comparative importance of different items has been left entirely to the judgment of the particular legislative committee in charge of that institution, or department. First, as you know, public budget hearings covering the whole field of expenditure were held jointly by the governor and council and the special legislative committee concerned. Following these hearings the details of expenditure for each department and institution have been worked out in conference between the legislative committees and myself.

The expenditures recommended in this program should be provided for by taxation. If you fail to adopt the entire program of indirect taxation you should increase correspondingly the direct state tax up to the total of the budget appropriation. *No increase of the direct tax should be authorized for the purpose of making appropriation for private and special purposes outside the budget.*

You will note, however, that strict adherence to the budget program will produce a surplus of \$83,501.04 in 1917 and \$163,080.01 in 1918. From this must be deducted the total of claims against the state which you may approve at this session. You ought also to consider an additional appropriation of \$10,000 annually for pensions, an increase of \$50,000 in the appropriation recommended for the new psychopathic building at the Augusta state hospital, and \$2,500 for a new building at the Bath military and naval orphan asylum as first charges upon this surplus. There will still be a balance available for such private and special resolves as you consider most important but remember that we must be sure how much revenue is available before finally approving any such resolves outside the budget.

May I suggest that each legislative committee having in charge resolves included in the budget program report them immediately and consolidate those relating to one department into one resolve. If you are considering resolves outside the budget which meet your approval, provided sufficient revenue is assured, I urge you to hold them in the committees until that question can be determined.

I suggest that the committee on appropriations in preparing the usual appropriation bills include in one bill for each of the years 1917 and 1918 all items recommended in the budget and report in a separate bill for each of the two years all items approved outside the budget. The public will then know exactly how much is appropriated for each year beyond the budget recommendation and compare these amounts with the total revenue raised.

We are trying to blaze a new trail together. This attempt to produce a real and scientific budget has been attended by

all the puzzling and perplexing difficulties which usually beset the path of the pioneer. We are greatly indebted to Mr. Callahan, the budget director, for his tireless industry, and to the officers and employes of departments and institutions for their cheerful co-operation. *I appreciate more than I can tell you your unfailing courtesy toward me, the self-restraint that you have shown, in withholding all resolves carrying money until after the budget could be presented* and the splendid patience with which you and the members of the council have worked out with me all the tedious details of this joint program. I shall count it a privilege to discuss further with each of you at any time all details of the program which may particularly interest you. To carry out the schedule exactly as planned will require rare courage and self-denial on your part. Many of you will have to abandon cherished local projects in favor of the public interest of the state at large. Because of the splendid spirit that you have already shown I am encouraged to present this program to you in the firm belief that its complete adoption will justify the necessary sacrifice on your part.

In addition to the propositions made in his inaugural address, the governor had thus set forth certain other principles which he desired the legislature to follow. First, he wanted absolute acceptance of his budget both as to revenue and expenditure,—then he would be willing that the legislature should pass additional appropriation measures if they would at the same time provide additional revenue (that is if the estimated surplus was not to be sufficient). Second, he advised the enactment of several new tax laws so that the rate for the general state tax might not have to be increased beyond five mills. Third, he desired all non-budget items to be included in one appropriation act and all budget items in another, for each of the years 1917 and 1918.

The governor, correcting the auditor's estimate, stated that an annual tax rate of eight mills would be necessary unless his new taxes were adopted, but that with the new revenue measures five mills would be sufficient. He recommended appropriations which, compared with the amounts requested, totalled:

	1917	1918
Total appropriations requested . . .	\$7,774,585.33	7,167,397.91 ¹
Governor's recommendations	6,711,849.58	7,106,297.09

Very little criticism of the governor's program appeared in the press. The public interest was perhaps reflected in the fol-

¹ See note at end of chapter, page 82.

lowing news heads which were given to despatches on this subject:

(Portland *Daily Press*, Thursday morning, February 15)

The Budget Presented to Legislature

Probably the Ablest and Most Complete Statement of the Kind

(Portland *Evening Express and Advertiser*, Wednesday evening, February 14—two-column head on first page)

Governor Delivers Maine's First Budget to 78th Legislature

(Lewiston *Evening Journal*, Thursday morning, February 15)

Governor Milliken Delivers First Budget Message

Senate and House in Joint Convention Hears Outline of Complete Financial Program of This Administration—The Facts and the Figures Put Clearly Before Every Legislator

(Lewiston *Daily Sun*, Thursday morning, February 15—two-column head)

Governor Milliken's Budget Message Loudly Applauded

Editorial comment was rather scarce. The Portland *Press* seems to have been the only paper which dealt with the matter at any length. On February 15, its leading editorial entitled "The Budget" contained the following:

Yesterday Governor Milliken presented the budget upon which he has been working since the legislature convened. It is the most complete and satisfactory presentation of the state's income and needs that has ever been made. . . .

He likewise makes recommendations for the abolishment of some appropriations for some departments, the transfers of others and many important changes, the advisability of which will be for the legislature to determine, although on their face they all seem to be well conceived.

At any rate the budget has laid the facts as they are before the legislature and the people so that they may know definitely and positively just what they have to do and will understand what is required and what should be done. It is Maine's first attempt at inaugurating a budget system and while there will be some exception taken to some of the governor's recommendations, it must be admitted that the innovation is an excellent one and will tend toward economy and will prevent log-rolling and other evils attending the expenditure of the people's money.

On the following day the *Press* continued its comment, stating:

The governor's budget message and the accompanying report on the taxation of intangible property comprise a pretty imposing document and it is one which the legislators will find no easy task to study and digest. It is the most important matter of the session, however, and means much for the future of the state.

The *Waterville Sentinel*, however, in its issue of February 19, reported much grumbling at Augusta and did not print the budget story on its front page. The *Sentinel* is a Democratic organ. All the other papers referred to are Republican—except the *Lewiston Sun*.

Committee Hearings

There was nothing now to clog the grist mill procedure. Bills and resolves involving the state's money went through their various stages about as usual. Legislative committees held most of their hearings on financial resolves and bills during February, both before and after the budget message, but as had been predicted, the budget hearings had in many cases made further proceedings of this nature unnecessary. Thus with reference to the hearing given the state board of charities and corrections, by the appropriations committee, the *Kennebec Journal* of February 8, 1917 reads:

Mr. Bagley had so fully covered the matter at the budget hearing that chairman Higgins thought it unnecessary for him to go further in the matter. . . .

Committees, at least in Maine, are usually rather satisfied with their own recommendations and do not care to have them considered lightly by the legislative body itself. A prominent senator told the writer very proudly that the appropriations committee had never in six years had any of its recommendations turned down. Most of the committees seemed to have understood that the majority leaders in senate and house stood behind the governor's budget recommendations and therefore very little attempt was made to override his wishes.

Difficulty did develop, however, in the committee on education, in the committee on ways and bridges and with reference to a few items which came under the jurisdiction of the appropriations committee and one or two of the other committees. Of significance also in this connection is the legislative budget

proposed by the committee on salaries and fees for all financial matters passed upon by that committee and adopted by a senate caucus.

It should be remembered that these committees meet in executive session after their public hearings, that their respective clerks, who are usually employed for part time only, do not always keep a record of the action taken by the committee, and that stenographic reports are not available either for the hearings or for the executive sessions. Clerk Mallett of the appropriations committee kept absolutely no tabulation of the votes taken in his committee although quite complete records of all formal decisions of the taxation committee had been preserved, and were put at the disposal of the writer. Executive sessions, of course, are not open to the public but both Chairman Holt of the taxation committee and Chairman Higgins of the appropriations committee made it possible for the writer to attend all the sessions of their respective committees which were held during the last ten days of the legislative term.

The committee on education had to hold a number of hearings as several of the schools and academies which had been accustomed to receive state aid had not filed their estimates with the auditor and were not provided for in the governor's budget. This committee also reduced certain of the appropriations recommended by the governor for private academies, as follows: 1917—Lee Academy, \$2,000 to \$750; St. Joseph's Academy, \$1,500 to \$1,000; Van Buren College, \$1,000 to \$500; 1918—Lee Academy, \$2,000 to \$500, and a reduction equal to that in 1917 for St. Joseph's Academy and Van Buren College.¹

An interesting sidelight on legislative influences and a vivid picture of one of the education committee's hearings is given in an account of the session on February 15, 1917:

A charming young lady filled with enthusiasm for the school she represented caused a great laugh when she appeared before the committee on education Thursday afternoon and innocently inquired: "Perhaps people are in the habit of asking for more than they know they will get—are they?" Everybody set up a howl and the dignified Senator Walker who was presiding, laughed heartily at the question so innocently put by such an apt lobbyist. The young lady was Mrs. Robert Owen, wife of the principal of Erskine Academy in China and a teacher in the school, which through

¹ House Document No. 613, Second New Draft, 78th Legislature.

representatives was asking for \$750 for each of the years 1917 and 1918.

"You have the interest of the school at heart, haven't you?" asked Senator Walker.

"Indeed I have," replied the vivacious young lady, and so well did she tell the needs of the school that doubtless the committee will favor an "ought to pass" on the resolve.¹

The committee on ways and bridges had perhaps the most difficult task of all. In his budget message, the governor recommended a total appropriation of \$400,000 for state aid for market roads in 1917 and an equalization fund of \$50,000 additional to provide for especially deserving cases. On this subject he said:

A special equalization fund has been recommended to take care of urgent needs of particular roads in accordance with the best judgment of the highway commission. I earnestly urge you to leave to the commission the task of determining where this money is needed most, instead of attempting to parcel it out here by special legislative resolves.²

This committee had held budget hearings but these concerned only the general principles to be followed. The proceeding would have been too lengthy if every town and plantation had been allowed to present its case for an asphalt pavement in front of the constable's office. Such special resolves for improvements in all parts of the state were fed into the grist mill, however, and the committee soon found 124 of them on its docket. These aggregated an expenditure of only \$843,694.03. The governor was consulted and sternly refused to hear of any such amount. He set the limit at \$150,000. The committee was obedient and, not including two resolves which were "revived" from the 1913 session, cut the total of the resolves to \$147,302.41, which it divided into 78 separate chapters.³

Certain institutions which for one reason or another had failed to secure a place in the governor's budget brought up their cases to the appropriations committee. It is interesting to note that Secretary Bagley of the state board of charities and corrections who had been the committee's right hand man in the executive sessions which dealt with appropriations recommended in the budget, was not invited to attend those sessions at which these special matters were taken up and decided. The sisters

¹ *Kennebec Journal*, February 16, 1917.

² Governor Milliken's *Budget Message*, page x.

³ Statement of Representative Stubbs and Committee's Tabulated Summary (unpublished).

of charity, Waterville and the Calais hospital had filed no statement with the auditor and were not therefore considered at the budget hearings. The appropriations committee voted them each \$500 for 1917 and \$500 for 1918. The home for aged women at Belfast had requested \$600 a year but this had been refused at the time of the budget hearings. It was granted \$200 a year. Secretary Bagley as already stated had made a most comprehensive report to the governor on the state of all such institutions with recommendations which were adopted in the governor's budget almost without change. It is therefore not difficult to understand why Secretary Bagley's attendance at this subsequent time was not requested. A resolve of \$750 for 1917 and \$750 for 1918 in favor of Anson academy also came from the appropriations committee with a favorable report. Ordinarily this would have gone to the committee on education but personal and community complications forced the sponsor for the academy in the legislature to seek a review of this request in another committee room, and this was agreed upon by the "powers that be." It was understood by the appropriations committee that the governor would approve their action on these measures before they voted "ought to pass."

Fifty-five measures were sent to the committee on salaries and fees. Most of these matters had not been considered in the budget hearings. The governor, however, kept in touch with this situation and disapproved forty of them. Only seven of the measures which involved increased appropriations were reported favorably by the committee,—the total increase being only \$2,500. Additional requests for upwards of \$2,700 were refused and a senate caucus was held, attended by from thirteen to fifteen senators. A majority voted in favor of the committee's report. Whether the action of this caucus bound all the fifteen senators was evidently not clear as later developments showed. The following excerpts from the *Legislative Record* dealing with this question are worthy of insertion here (Senate, April 5, 1917):

MR. DAVIES: Mr. President, it is not a question of the competency of the register of deeds of Kennebec county. Strange as it may seem under what is now here before us, it makes no difference. The question that presents itself is whether we are going to stand by the vote taken in the Senate caucus held in the judiciary room that we would adopt the majority reports of the committee on salaries and fees. Thus far, we have. This is the first time that any senator has proposed that we should break away from that vote.

Now it may well occur to many of you that very likely senators from other counties, if it had not been for that vote that they would have come here to press their claims for salaries, but we have felt that we were bound by that vote up to now. . . .

MR. SWIFT of Kennebec: The senator from Cumberland, Senator Davies, has referred to the meeting which was held in the judiciary room, and if my memory serves me correctly there were 15 members of the senate present, eight of whom voted in favor of standing by the committee report. The senators from Kennebec did not agree to stand by any action taken there, and I want to ask you, in all fairness, if it is fair for eight members of this body to control the vote of all the members of the senate?¹

So far as could be ascertained in Augusta during the last three weeks of the session, there were few other matters taken up in committee which seriously concerned the success or operation of the budget system. Most of the resolves sanctioned by the budget went through their respective committees in the routine fashion.

Debates in House and Senate

In the sessions of the house and senate references to the budget were few and far between. Only when an attempt was made to reduce the governor's allotment for Lee academy did it receive marked attention. True it is that there were resolves under consideration at one time or another which were not included in the governor's budget but on such occasions the budget seems to have been largely ignored.

The academy cases in the house are spread over four pages in the *Legislative Record*; and in the senate, a record of the debate runs over about five pages. In the house on March 21, Mr. Kneeland of Lincoln started the argument by offering House Amendment "A" which would increase the appropriation for Lee Academy from \$750 as recommended by the committee's resolve to \$2,000 as recommended in the budget. He closed his remarks as follows:

We asked for \$2,000 for each of the years 1917 and 1918 as a special appropriation and the budget recommended the same. I had a talk with Governor Milliken and he said he was acquainted with Lee academy and knew what it was doing, and that he recommended \$2,000 for each of the years 1917 and 1918, and did not see why the committee cut it down. . . .

¹ *Legislative Record*, 78th Legislature, pp. 1287, 1289.

Mr. Snow of Mars Hill sprang to the defence of the committee stating that the requests of other schools had also been reduced and that if Lee academy were given an increase, the other cases also would be reopened. Mr. Pattee of Harmony followed up Mr. Snow's thought by stating that,

If this matter is opened up, I certainly shall offer some amendments to some academy appropriation.

Mr. Reed of Bangor gave the budget most loyal support, though a member of the Democratic party:

I beg to submit with all consideration to the committee on education that it was my privilege and my pleasure to appear for this institution before the budget committee. I have heard of no other meetings anywhere at which this proposition was considered. Now the budget committee, taking into consideration the merits of this institution, and with the approval of the governor, if you please, recommended \$2,000 for the years 1917 and 1918 for the maintenance of this institution in Lee. . . .¹

Mr. Snow subsequently asserted that representatives of Lee academy had appeared twice before the committee on education. He made no reference to the recommendations in the budget.

Mr. Sisson of Island Falls found himself in a very "peculiar position" but concluded as follows:

. . . I say to you, Mr. Speaker, and to every one of my brother representatives that, when I vote, I do not consider that I vote against the education committee; they had to pare down every appropriation. But I do say that as the governor in his budget allowed \$2,000, we ought to vote \$2,000 for that institution. . . .

The committee could not stand against the budget in action and succumbed weakly, in the person of Mr. Boman of Vinal-haven:

Mr. Speaker, as a member of the committee on education, I feel the matter was discussed thoroughly in the committee but why the appropriation was given as it was, I do not recollect just now; but Mr. Speaker and gentlemen, if I have erred, I am willing to make amends, and if the house insists upon this proposition, I have no objection to having the committee's recommendation turned down.

The *Legislative Record* continued:

The speaker pro tem: "The question is on the acceptance of the amendment. Those in favor of the passage of the amendment will please rise."

¹ *Legislative Record*, 78th Legislature, pp. 703-706.

A division being had,
 One hundred and five voting in the affirmative and two
 in the negative, the amendment was adopted. . . .¹

Thus was the budget vindicated in its first real trial of strength in the house.

This academy question did not come up for discussion in the senate until six days later. At this time Senator Walker, chairman of the committee on education, offered an additional amendment, putting the Lee academy appropriation at \$1,500 for each year. This was senate amendment "A" to house amendment "A." Senator Walker threw some real light on the position of the committee:

In the early days of the legislature, we heard a good deal about the budget. Many hearings were held before committees having charge of appropriations. Progress seemed slow. Time was passing. In the fourth week of this session, the committee on education had a budget hearing. Notices were sent by the executive department to most of the schools which had already asked for an appropriation, for a hearing on a certain day. Many of these schools did not get their notices in time to appear at the hearing. Some of the schools were represented at the hearing, some were not.

When your committee met in executive session, we were not in a position to report on the type of school of which Lee academy is one. Resolves for other academies had been introduced into the legislature, but were not in the hands of the committee. Other resolves would be introduced. We didn't know how much money we would be allowed for all the academies. We wanted to be fair to all and grant special privileges to none. We therefore reported to the governor, that we could not fairly and intelligently act on the matter at that time. We were asked if we should report more than was requested by the different schools and we replied that we should not. The next day the budget appeared recommending \$2,000 for Lee academy for instruction for each of the years 1917 and 1918. . . . The committee on education after due notices, and hearings on the different schools reported ought to pass for the amounts carried in the resolve under discussion. This report went to the house and comes back amended by the Lee amendment. It is said that the house deliberated upon this proposition and that some of its members deliberated orally. You know the house is a great deliberating body. . . .

The reasons given in these vocal effusions for the increase were "We are it." And as a clincher—the budget recommendations of the governor. It was steam rolled through

¹ *Legislative Record*, 78th Legislature, pp. 705-706.

the house, not giving a moment's thought to the other schools appearing in the budget or out of the budget. If the budget recommendations are to be taken as against the recommendations of the committee, why not take all the recommendations in the budget and reject all the recommendations of the committee. If the budget report on this type of school, hastily made, is everything, and the report of the committee after careful thought and investigation, is nothing, our hearings on the different schools have been nothing but a farce.

He then went on to state his case against Lee academy specifically, asserting that only in some mysterious way had previous appropriations of \$1,000 and \$1,500 for Lee academy escaped the pruning knife, which everyone thought had really been exercised. He concluded by stating that his committee had only tried to distribute its \$25,000-\$30,000 according to its own best judgment.

Mr. Higgins of Penobscot, the governor's right-hand man, spoke at more than his accustomed length in support of the \$2,000 sum but hardly referred to the budget.

Mr. Walker then laid down his last cards:

If it is the sense of this senate that the appropriations be doubled, I will hold up both hands for the doubling of all the appropriations. If it is the sense of the senate that this amendment pass, why not pass an amendment also for the Saint Joseph academy and the Van Buren college. Although Catholic schools, they are recommended by the governor, and I will not stand for an increase in this appropriation unless we stand for an increase in the appropriation for those schools. I know that those institutions are doing splendid work for the state of Maine and are entitled to such consideration as we give other academies that are private institutions. . . .¹

On motion of Mr. Higgins, Mr. Walker's amendment was "indefinitely postponed" and house amendment "A" was passed. Senate amendments "B," "C," and "D" were then adopted. These raised the appropriations for St. Joseph's academy and Van Buren college up to the budget recommendations and provided amounts for two other academies not mentioned in the budget.

Provided thus with four appendages, the academy resolve was returned to the house and passed with the explanation from Mr. Barnes of Houlton, the governor's spokesman in that as-

¹ *Legislative Record*, 78th Legislature, pp. 878-880.

sembly, that "if we can avoid putting any more amendments on it, it will probably go through all right."¹

Thus even the committee which had at first tried to cut down the budget, eventually demanded that if one academy be accorded its budget quota, the others should be treated likewise!

Another resolve which occasioned some discussion in the house was an emergency measure appropriating \$60,000 for "the repair and reconstruction and making fire-proof the Harlow building at the Augusta state hospital," which was partially destroyed by fire toward the close of the legislative session. It was introduced in the senate by Mr. Swift of Augusta who stated that it had the approval of the governor and the unanimous endorsement of the committee on insane hospitals. It was at once passed to be engrossed under suspension of the rules. In the house Mr. Rounds of Portland raised a question about the amount of the appropriation but he was soon satisfied by an explanation from the chairman on the part of the house of the committee on insane hospitals.²

The binding power of the senate caucus on the report of the committee on salaries and fees, as has already been noted, came up for consideration. The vote with reference to the salary for the register of deeds of Kennebec county was 22 to five in support of the committee's report. This committee also reported in favor of a \$500 reduction in the salary of the insurance commissioner. On the final vote, only four senators voted against the report to eighteen who backed up the decision of the caucus.³

In the debates cited reference has constantly been made to the fact that certain appropriation measures were or were not favored by the governor. He was now on his last lap with the legislators and was proving himself as successful a leader as during the earlier stages. He did not try to force anyone's hand, but he was in constant touch with proceedings in both houses and knew that in senator Higgins and representative Barnes he had two men whose program was in hearty accord with his own. His wishes were made known to them and their opinion received the greatest amount of consideration at his hands. All non-budget resolves which were enacted by the legislature, with very few exceptions, received at least the tacit approval of both the executive and legislative leaders before they reached the enactment stage. Perhaps the severest strain between the leaders

¹ *Legislative Record*, 78th Legislature, p. 1137.

² *Ibid.*, pp. 1290, 1295.

³ *Ibid.*, pp. 835, 969.

came with reference to the three charitable institutions which had been voted appropriations by the appropriations committee without the approval of the state board of charities and corrections. The governor called Senator Higgins into his office and they went over the situation together. Senator Higgins thought it wise to put through the appropriations, probably because of some complications on the personnel side in the senate, and the governor, apparently with reluctance, gave his consent.¹ An account has already been given of the governor's connection with the reports of the committee on salaries and fees, ways and bridges and education; and of how Mr. Swift in proposing an appropriation of \$60,000 for the repairing of the Augusta state hospital building was careful to state that the measure was approved by the governor.

The Governor as an Adviser

But the governor did not touch the legislature through the medium of legislative leaders and committee chairmen alone. His contact was in no sense of the executive chamber variety. Twice in the early days of the session he addressed a joint convention of the two houses at least in part on financial matters. Twice again did he communicate with them formally on similar problems. On Monday, April 2, 1917, he forwarded to the senate and the house a written communication on the financial situation, dealing chiefly with the treatment which was being accorded his taxation recommendations. Those paragraphs of his communication which deal with the appropriations and which also summarize his message with reference to the taxation measures follow:

I suggested a reduced schedule of expenditures involving rigid economy in the management of all departments and institutions and showed, that by adhering to this schedule and enacting certain laws increasing the revenue from indirect taxation, the entire necessary public financial program, including the mill tax for roads could be accomplished with a direct state tax of only five mills for each year, the same rate that has heretofore prevailed. This means a saving of more than \$3,000,000 to the people of the state in the two years as compared with the tax rate indicated by the estimate filed with the state auditor.

The schedule of expenditures has in fact been worked out in almost exact accordance with the budget suggestions. The total public expenditures agreed upon for 1917 exceed the

¹ Statement of Senator Higgins, March 27, 1917.

budget recommendations by only \$7,292.08. The total excess in 1918 is \$38,007.67. In each instance the changes have been agreed upon in conference with the committees having the appropriations in charge. I wish to express to all the members of the Legislature and especially to the committees having the appropriations in charge, my sincere appreciation of the unfailing co-operation on your part that has made this result possible.

You have also been willing at my request, to delay action upon special items outside the budget until it should become evident how much revenue would be available. By arrangement with the committee on appropriations and financial affairs, these items will be provided for in a supplementary appropriation bill. Only the budget items have been included in the first appropriation bill for each of the years 1917 and 1918.¹

(Note. The excess for 1918 was given incorrectly in the message; it should have been \$8,007.67. This mistake was later recognized by the Governor.²)

Despite the distinction which the governor made between the budget and the non-budget bills, however, no one was apparently keeping accurate record of the resolves as they were introduced and went through their various stages. Mr. Callahan, the budget director, kept no record himself and Mr. Mallett, clerk of the committee on appropriations and financial affairs, to whom he went for information, kept no daily register of the fate which his committee's bills and resolves were receiving at the hands of the house and senate. In fact not until the end of the session did he even have an accurate list of the non-budget resolves which had been finally enacted. The governor could therefore rely but little upon his staff expert for scientific data as to the state of affairs in the legislature. In accordance with custom, however, all resolves carrying money were sent to the appropriations committee after they had been passed to be engrossed so that in this way all proposed grants of funds came under the supervision of the legislative leaders before final enactment.

On Tuesday, April 3, the day after President Wilson had delivered his war message to congress, Governor Milliken called the Maine legislature together in joint convention and delivered to them a stirring address with reference to the increased responsibilities which had come upon them. Specifically he said:

I urge that you provide immediate authority for the issuance of bonds to the amount of one million dollars and give

¹ *Legislative Record*, 78th Legislature, pp. 1143-1144.

² *Tax Rate Conference*, April 5, 1917.

the governor and council full authority to spend such portion of this amount as may be necessary for military purposes.

On that very same day, two resolves amounting to \$160,000 for armories in Lewiston and Bangor, were amended in the house, on motion of Mr. Barnes of Houlton, so that this expenditure could be made from the million dollar fund which had been authorized in the morning. Earlier in the session the committee on military affairs had acted unfavorably on these resolves but in view of the war they had decided to favor them, although they had not secured the approval of the governor.¹ Both resolves were given their final passage on April 7, and no vote was cast against them.² They were approved by the governor.

On April 4, the legislature and the governor and council took a holiday, visiting Bangor as the guests of the city on the occasion of a patriotic demonstration. Seven miles north of Bangor is Orono where the University of Maine is located, and on this notable occasion, the military body of the university marched in review before the solons of the state government. On April 5, Mr. Higgins of Penobscot, chief champion of the budget in the senate, but resident of Brewer (across the river from Bangor), broke into the day's routine, as follows:

Mr. President, I would like to have the unanimous consent of the senate to introduce out of order a resolve, and in explanation, and prior to the reading of it by the chair, I desire to say that the members of this legislature were so kind as to benefit the eastern part of Maine, and especially the city of Bangor, Maine, with their presence yesterday in large numbers. We did our best to look after you and take care of you in a manner befitting the Queen City of the east. We did our level best. We trust that you are satisfied and approve of our efforts. Those of you who were privileged to sit in automobiles and watch the 2,000 or more pass by in review were especially impressed, I am sure, with that fine manly body of young men representing that splendid institution, the University of Maine. We all gave them applause. We all wished them well, and we all bade God-speed to that institution. Right nobly have we supported it in the past and right nobly will we continue to do so. They have a product there that is going to be of inestimable value to the state of Maine, and one of which we are all proud, and we desire at this time to show by our vote our appreciation of their efforts in behalf of the state of Maine at yesterday's program. . . .

¹ Statement of Senator Holt, April, 1917.

² *Legislative Record*, 78th Legislature, pp. 1209, 1255, 1481, 1502.

Now I have this resolution and I ask unanimous consent of the senators for its introduction. And I move, if it be accepted, that the rules be suspended and that it be given its two several readings and be passed at this time and sent to the house immediately for concurrence.

THE PRESIDENT: The senator from Penobscot, Senator Higgins, asks that the rules be suspended to receive at the present time a resolve to provide for the building of an armory at the university of Maine.

The motion was agreed to.

MR. DAVIES of Cumberland: Mr. President, may I inquire how large an appropriation the resolve carries?

THE PRESIDENT: Fifty thousand dollars.

MR. DAVIES: I move it lie upon the table until this afternoon.

The motion was agreed to.

In the afternoon senator Davies made no further objection and on April 7, the resolve was finally passed 22 to nothing.¹

In the house the same resolve (which was amended to read "such sum or sums as may be necessary" instead of "fifty thousand dollars") which provided that the appropriation should be derived "in particular" from the million dollar fund caused more disturbance than in the senate. The resolve was introduced by Mr. Barnes of Houlton. He was followed by Mr. Allan of Portland:

Mr. Speaker, I do not want to make any long speeches, and I am not going to, but I simply want to protest against taking any of the million dollars we have appropriated for the relief of our soldiers and for war purposes and turning them to any such purpose as is undertaken in that bill. I therefore move its indefinite postponement.²

The resolve was temporarily postponed until the following day when, after an executive session to which Senator Higgins was invited, Mr. Allan continued his fight. Mr. Snow of Mars Hill, who as chairman on the part of the house of the committee on education had not dealt very kindly with other items in Governor Milliken's budget, gave some information with reference to the history of this proposition:

Mr. Speaker, I would like to say just a word. This matter came before the committee on education among other matters having to do with the University of Maine. We reported favorably on some of the bills there, but we did not think we would be justified in reporting a resolve for an

¹ *Legislative Record*, pp. 1275, 1276, 1491.

² *Ibid.*, p. 1345.

armory. The committee were favorable to an armory and we were conscious of the fact that they needed one there when seeing those men as they came into their gymnasium and went through their military movements. This has got to come soon. If not now, it will have to come two years from now perhaps, and under the existing circumstances I favor the passage of the resolve; and I think every member of the committee on education who took the matter into consideration would say the same thing. (Applause.)

Mr. Rounds of Portland who had been somewhat skeptical about the matter finally swung around in favor of the measure after he had been assured that it was coming out of the million dollar loan,—not out of any other appropriation. Mr. Allan remained obdurate, however:

The only point I object to is this: You came before this legislature for a million dollars to be raised by a bond issue for war purposes. Now you are coming here and taking it for building armories that cannot be built for months, when almost perhaps within twenty-four hours there will be thousands of soldiers called for from Maine, and they would have no opportunity of using it for any time so far as we may know. . . .¹

Mr. Allan concluded his remarks forcefully but apparently with little effect for his motion to “indefinitely postpone” was lost on a *viva voce* vote.

Thus far was an inroad made into the million dollar fund when the legislature was ready to adjourn.

REVENUE SITUATION

Several days before the end of the session, the governor and the legislative leaders were able to ascertain practically the total amount of appropriations for 1917 and 1918. Before the acts authorizing expenditure were finally enacted, however, it was necessary to provide a revenue with which to meet the expenses of government.

It will perhaps be remembered that the auditor in his estimates had stated that, if all the appropriation requests were granted, a state tax of seven mills for one year and eight mills for the other would be necessary, and that the governor had found this to be in error as the auditor's estimate for the 1918 revenue was about \$500,000 too large, so that a tax rate of eight mills in both 1917 and 1918 would be necessary to meet the appropriations requested.

¹ *Legislative Record*, pp. 1430-1433.

In 1915 the total appropriations granted amounted to \$5,773,-770.48, the total expenses to \$5,605,999.43, and the income for that year to \$5,666,482.74. About half of the income was derived from indirect taxes and the income of state departments, \$2,632,306.90; the next largest amount from the direct state tax, \$2,494,451.84, and most of the rest from highway bonds, \$498,-477.58. The tax rate was five mills.

In 1916 the situation was somewhat similar. Total appropriations amounted to \$5,272,443.15, the total expenses to \$5,254,232.31 and the income to \$5,493,323.78. Of this income \$2,578,971.83 came from indirect taxes and from the income of state departments, \$2,494,451.84 from the direct state tax and \$413,232.14 from highway bonds. The state tax rate remained at five mills.¹

For 1917-8, an eight mill tax was to be necessary if all the requested appropriations were to be granted. These requests totalled as follows: 1917—\$7,774,585.33; 1918—\$7,167,397.91.² Total about—\$14,800,000. The governor did not propose to grant them all and submitted his recommendations which totalled much less: 1917—\$6,711,849.58; 1918—\$7,106,297.09. The governor's total recommendations of about \$13,800,000 (or \$1,000,000 less than the requests) actually represented a cut of \$3,000,000 in the requests, for in making out his appropriation recommendations the governor included for each year about \$1,000,000 which had previously been expended without any record on the books of the treasurer or auditor. These items which had not been recorded in the general state account may be found on page 34 of the auditor's estimates for 1917-8 and in appendix B, budget message, under the head "Income State Institutions."

In making his estimate of the revenue for 1917 and 1918 the governor also included the \$1,000,000 for each year which had been previously omitted from the general accounts. His estimates for income were: 1917—\$6,645,350.62; 1918—\$6,520,887.66. Total, about \$13,165,000. This was with a five mill tax.

It will thus be seen that the 1917-8 figures did not really represent much greater appropriations or revenue than the 1915-6 figures. The governor pointed this out clearly in his budget message, page iv:

¹ The figures in the two preceding paragraphs are taken from the auditor's report for 1915-16 with the exception of the amounts given for income from indirect taxes and state departments which are taken from appendix B of the governor's budget.

² See note at end of chapter, page 82.

In the estimated expenditures and income, as prepared and published by the former state auditor, the total expenditure for some institutions is estimated as the gross amount, including income, while in other instances, the net amount is indicated. In these tables the amount recommended for appropriations is uniformly the gross amount and in my judgment the appropriation should be made in that way in each instance on the proper theory that all income of every sort accruing to any state institution, should either actually come into the state treasury, or be accounted for to the state treasurer and its expenditure authorized only in the regular way.

The budget recommendations for 1917-8 did, however, exceed the expected revenue by about \$650,000 and of course non-budget bills and emergency measures had to be taken into consideration. The 1915-6 administration did not leave any real surplus to depend upon as Governor Milliken showed in his analysis of appendix "A" to the budget message.

The alternative was an increased state tax rate or increased income from indirect taxes.

The Taxation Committee of the Legislature organized on January 10, 1917 and decided to hold meetings on Thursdays at 2 p. m., but it transacted no business till the first of February. No good reason has been found for this failure to get into action earlier and the delay has been severely criticised.

The committee soon found itself heartily out of sympathy with the governor. Of the nine increases which he recommended the committee reported "ought to pass" on only two,—those on taxation of personal property and improvements in unorganized townships and on parlor cars,—to net a total revenue in 1918 of \$51,750. It voted "ought not to pass" on the corporation franchise tax, on the taxation of savings deposits in national banks, and on the repeal of distribution to cities and towns of one per cent of value of railroad and telephone stock; found the tax on intangible property "inexpedient" and dropped any attempt to force through the telephone and telegraph taxes because the opposition was known to be too strong. At the last minute the committee considered several new taxes,—on electric railways, express companies and insurance companies,—but it was too late to get definite data on the situation so that they were not pressed to enactment.¹ The climax came on the night of Tuesday, April 3, when an executive session lasting long after midnight

¹ Minutes of Committee on Taxation.

was held in the chamber of the president of the senate. The chief argument centered on the increase in the railway tax, proposed by the governor. This raised the rate at the top of the graduated scale only, i.e. affecting only the railroads having large gross receipts from their business in the state. Senator Holt, the young chairman of the committee, led the fight for the governor's measure. Senator Merrill, a man of force and experience, favored a measure which would raise the rate on all the railways, including the Bangor and Aroostook which he seemed especially out "to knife." By the end of the long session two of the eight members of the committee originally present had departed. It was known that no tax at all would go through unless the committee reported one measure unanimously. Senator Merrill finally gave in, at least he was understood to have done so, and the committee broke up, caring more about the prospect of a few hours' sleep than about taxes on railroads. When the measure came up in the senate on Friday, April 6, it aroused the ire of Senator Gillin and it appeared that Senator Merrill had not intended to give his assent to the measure. After a debate of some length, the bill was "indefinitely postponed" by a vote of 21 to 2.¹ This was the last of Governor Milliken's taxation measures. The legislature had adopted his recommendations in the total amount of a little over \$50,000 instead of about \$900,000!

Clearly the state tax rate could not remain at five mills. To determine the rate a conference of the executive and legislative leaders was called, as was the custom, and it met in the council chamber on Thursday, April 5, 1917 at 12.30 p. m. with Governor Milliken in the chair. There were present the members of the council, the president of the senate, the speaker of the house, members of the joint committee on appropriations and financial affairs and of the house committee on ways and means, and a few others.² The governor explained the state of affairs financial while Budget Director Callahan was feverishly manipulating columns of figures, trying to determine the exact amount of appropriations outside the budget which would probably be approved. Various rates from five and one-half to six and one-half mills were suggested as possible but the assembly finally concluded with the governor that six mills for both years should be adopted

¹ *Legislative Record*, pp. 1379-1387.

² It might be stated here that the house committee on ways and means practically never meets except at this gathering and that its chief function is to authorize its chairman to bring in the bill setting the rate for the annual state tax.

although they realized that this would be "running close to the wind." The governor was quizzed on various special appropriations in which individual members present were interested and made it clear that appropriation bills or resolves which he did not approve would probably not be enacted into law.¹ It should be stated here that the failure of most of the governor's tax recommendations was not solely responsible for the increase of one mill in the tax rate, for certain emergency measures, especially the interest on the one million dollar loan fund, had not been considered in the budget. Primarily, however, as the governor had prophesied in his message of April 2, the failure of the legislature to enact changes in the indirect tax laws which would provide a substantial increase in the revenue must result in an increase in the direct tax rate. In that message he had clearly put the responsibility upon its shoulders and the *Kennebec Journal* did not accurately represent the situation when it said:

Governor Milliken had hoped to have a five per cent tax rate for each year, but the greatly increased expenditures arising from the emergency war \$1,000,000 appropriation bill, the armory bills and other unexpected calls are principally responsible for the six per cent rate.²

Lastly, in connection with the revenue situation, it should be pointed out that the contest between indirect and direct taxes was largely one between the two big elements in the legislature,—the city and the country. On fundamental questions such as representation in the legislature and the apportionment of taxes these elements will doubtless always be in evidence, as they have been from the organization of the state. The question of the relative representation of thickly and thinly populated districts was the one big question debated at the Maine constitutional convention held in the meeting house of the first parish in Portland from the 11th to the 29th of October, 1819 and it was perhaps the most hotly contested fight in the seventy-eighth legislature of 1917. The constitution so provides that the country is certain of a controlling vote in the house and the city can usually count on support in the senate, but the towns and cities are in no sense represented in the house according to their population. When anything threatens this *status quo*, the real town and country parties show themselves,—Democrats and Repub-

¹ *Kennebec Journal*, April 6, 1917.

² *Ibid.*

licans forget their designations, and the good old idealistic days of the convention are acted over again without real "parties," as Mr. Whitman of Portland speaking on the 21st of October, 1819, on the frequency of the re-apportionment of representatives would have us believe:

These apportionments and districts should not be made too often—but should be made at stated periods. It should not be optional with a party in power to make them or not. Once in ten years after the taking of each new census, would be sufficiently often. It would not do to allow it to be done otherwise. It must not be made an engine of party. We, to be sure, see nothing of party among us, at this time; and it is a fortunate circumstance, indeed, that we do not; but we cannot promise ourselves that we never shall. The time may come, nay, sir, it must come, when we shall see the same scenes reacted which have already disgraced us. A republic is said to be the nursery of party. It is against these that we must guard. When we place power in the hands of our legislators we must, at the same time, as much as possible, guard against the abuse of it. If we make it imperative upon our legislators to apportion and district once in ten years they will not be able to turn it so much to party purposes. If they should, on making the districts, have an eye to such considerations, they cannot foresee how soon it may turn against them. . . .¹

FINAL LEGISLATIVE ACTION

On March 22, Mr. Nicholas of Eastport, chairman on the part of the house of the committee on appropriations and financial affairs, presented to that body "An act to appropriate moneys for the expenditures of government and for other purposes for the year 1917." Thereupon the speaker said:

The chair will state to the house that this is from the committee on appropriations and has to do with moneys that are appropriated for carrying on the government in its various branches—a general appropriation bill—and it is very desirable that the same course be taken with this bill that was taken with the preceding bill.²

Then, on motion by Mr. Barnes of Houlton the bill was given its three several readings and was passed to be engrossed without reference to a committee.

In the senate on the same day, similar action was taken on this bill.

¹ *Debates of the Convention of Delegates*, Jeremiah Perley, Portland, 1820.

² *Legislative Record*, 78th Legislature, pp. 741, 725, 1223, 1264.

On April 3, it was passed to be enacted in the house, by a vote of 113 to nothing. On April 5, it passed the senate, 27 to nothing.

This bill which will be here designated as the general appropriation act carried a total appropriation of \$6,719,141.66 and in its final form was printed at once. This was presumably the governor's budget bill and in fact it carried an amount of only \$7,292.08 in excess of his budget recommendations, and changes were made in only fifteen of the original items. The only considerable changes were an increase of \$10,000 for the "protection of trees and shrubs," and a return to the old system of appropriating for local highway repairs and construction, i.e. by specific legislative resolves. Not a word, however, was said in either house as to the exact contents of the bill. As a matter of fact, when it was first introduced, it was not constituted exactly as it was when it received final passage, for all the items which it contained in engrossed form had not been collected by clerk Mallett of the appropriations committee as early as March 22.¹

The general appropriation act for 1918 had a similar history. It was first introduced in the senate on March 22, and passed its three readings in the house under suspension of the rules on the next day. It received final enactment in the house on April 5, and in the senate on April 6. A clerical error in the engrossed bill was corrected in both houses.² The bill received no further consideration. It did not carry the emergency clause, which it perhaps should be explained, makes an appropriation available at once, instead of on July first next, which would ordinarily be the case. The emergency clause requires a two-thirds vote on the passage to be enacted in both houses. The general appropriation act for 1917 did carry this clause.

Thus it was on April 5, two days before final adjournment, that the first appropriation bill became law, and one day later before the second of the four bills passed its final stage. Two bills, the supplementaries, had therefore to be introduced and carried through the entire routine on the final day, and a strenuous day it was, exhibiting the real human side of both executive and legislative officials. As has been stated before, the governor never believed in "sitting on a high horse." He did not boast an array of flunkies in his outer offices. Almost daily throughout the session he could be seen pacing up and down the lobbies of the state

¹ From conversation with Clerk Mallett.

² *Legislative Record*, 78th Legislature, pp. 725, 801, 1316, 1321, 1368, 1373.

house between the senate and house, chatting with various members of the legislature after the end of the session, and spending the evening with the "boys" at the Augusta House. But an incident on that last day perhaps showed better than any other the real spirit of comradeship which existed between these two elements of the government, the legislative and the executive. As Saturday wore on to evening and well into Sunday morning (but not according to the senate and house clocks) recesses of the legislative bodies became more frequent. Legislators turned into school boys, and the governor was not forgotten. He had vetoed a bill introduced by Mr. Buzzell of Belfast which provided for a reorganization of the judicial system so that the then judge of the municipal court in Belfast would have been removed from office. Mr. Buzzell's attempt to induce the house to pass the bill over the veto was unsuccessful. This incident had apparently inspired one of poetic instincts in the house for late on that Saturday evening a considerable group of legislators invaded the corridor outside the governor's chambers, serenading him to the tune of "John Brown's Body":

Buzzell of Belfast tried to remove the judge (three times)
 But the governor he said "No"
 Buzzell got the house and Buzzell got the senate (twice)
 But when it came to the governor Buzzell wasn't in it
 And now he goes marching home.

This amused the governor immensely, so much so in fact that he rushed out into the lobby and joined with his colleagues in an encore.

Both supplementary appropriation bills, for 1917 and for 1918, made their initial appearance on the afternoon of Saturday, April 7 and received their final passage late that evening. They excited no comment except that on the appearance of the 1917 measure in the senate, Mr. Higgins of Penobscot moved to pass it under suspension of the rules and the following dialogue took place:

MR. MERRILL of Somerset: Mr. President, I would ask to have the bill read. I would like to know what it is.

MR. HIGGINS: Mr. President, I may say for the information of the senator that the appropriation bills for 1917 and 1918 came up as matters in the budget. These bills cover all matters that have passed the legislature, resolves and acts carrying money, since the introduction of the first appropriation bills. This is the usual supplementary bill that goes through each session of the legislature.

MR. MERRILL: Mr. President, that is satisfactory.¹

¹ *Legislative Record*, 78th Legislature, pp. 1481, 1492, 1508, 1511, 1513.

As a matter of fact it is perhaps surprising that more such questions were not asked about these appropriation bills, for there were many members of both houses who did not even know such a thing as an appropriation act existed. But especially during the early hours of Sunday morning no one was in a mood to care very much about a few thousand dollars, and there was a gentleman's agreement generally endorsed not to obstruct the ordinary procedure. Such obstruction might have been very successful, for after the clocks had been turned back and the mock trial of a German spy had been concluded in the hall of the house, the vacant seats in both houses were many. Any question about a quorum if insisted upon, would have forced an adjournment into the next week, for each house had only about a third of its members present,—58 out of 151 in the house and 13 out of 31 in the senate. This loyal band cheerfully took its medicine, which consisted in waiting around for the printer to get the bills engrossed for final passage, and, after fighting off the attempt of a minority to break the gentleman's agreement about a quorum, adjourned *sine die* at 11.26 p. m., Saturday night by the house clock but at 3.19 a. m. Sunday by the true time.¹

These supplementary appropriation bills were supposed to include all resolves outside of the budget which had been finally passed in the two houses and had received the approval of the governor. The 1917 bill carried a total of \$214,923.54 and the 1918 bill, \$123,016.00. In addition several resolves received the approval of the governor but were not incorporated in either of the appropriation acts. Mr. George W. Leadbetter stated that some of these were probably omitted "for the reason that they provided for the payment of bills contracted or liabilities incurred prior to this year and could properly be paid from the state contingent fund," and that the resolve providing for the screening of lakes and ponds and carrying over \$5,000 in 17 items "was not included in the appropriation bill for the reason that it provides that the amounts shall be paid out of license fees collected from non-resident fishermen."² Mr. Leadbetter recognized, however that, these omissions might have been due to an oversight and this would seem to be the proper explanation, for payments from the state contingent fund do not need the sanction of a resolve and such action with reference to the resolve for screening lakes and ponds as is suggested by Mr. Leadbetter

¹ *Kennebec Journal*, April 9, 1917.

² Letter from Mr. George W. Leadbetter dated May 1, 1917.

would have been directly contrary to the policy announced by Governor Milliken in his budget message (page iv):

. . . in my judgment the appropriation should be made . . . on the proper theory that all income of every sort accruing to any state institution, should either actually come into the state treasury, or be accounted for to the state treasurer and its expenditure authorized only in the regular way.

It may also be noted that a revenue item, "Inland fish and game," is included in appendix B of the governor's budget, and that that item which presumably includes all the revenue of that department, forms a part of the total amount of revenue with which the governor proposed to pay the budget appropriations.

With reference to payments from the state contingent fund alluded to above, it may be stated that the governor and his legislative leaders took care to "kill" some resolves, stating that it was unnecessary to pass them as the payments which they contemplated would be made out of the contingent fund.¹

Of the \$215,000 in the 1917 supplementary act, approximately \$95,000 was appropriated to emergency measures which were not contemplated when the budget was made out, \$50,000 was put into the state contingent fund and less than \$25,000 was apportioned to items for which requests had been filed with the auditor but which had been refused a place in the budget. Of the \$125,000 in the 1918 act, \$40,000 went for emergency measures and, \$15,000 for requests which had been refused a place in the budget.

In addition to the appropriations carried in the supplementary acts, as has already been stated, there were resolves carrying money which were not incorporated in any of the acts. Thirty-one of these carried definite sums and were signed by the governor. Five of them, totaling only \$598.24, provided for payment of liabilities contracted prior to 1917 and are explained by Mr. Leadbetter's letter (resolve chapters No. 2, 14, 15, 20, 25). Twenty-one provided for the apportionment of funds already appropriated by act of the legislature—pay roll of the house and senate, reimbursement of towns for the support of state paupers, pensions, etc. (resolve chapters No. 5, 6, 16, 24, 31-33, 56, 61, 94-96, 104, 107, 110, 112, 113, 115, 117-119). One involving \$168 (resolve chapter No. 22) is yet unexplained and was apparently inserted by error. Another (resolve chapter No. 99) provided an appropriation of \$500 only in case an equal sum was raised outside

¹ *Legislative Record*, 78th Legislature, p. 1020.

the legislature, so that its use was uncertain, and possibly for this reason it was omitted from the acts. Two others (resolve chapters No. 100, 105), for the armories at Bangor and Lewiston, stipulated that the \$160,000 involved should preferably be taken from the million dollar war fund. They would not therefore have burdened the main state treasury directly and were omitted from the acts.¹ The thirty-first was that for screening certain lakes and ponds. As already stated it was apparently omitted from the supplementary act by accident.

One other item perhaps deserves mention here. It provided \$15,000 for the erection of a suitable memorial to commemorate the services of General Hiram G. Berry in the Civil War. It passed its several readings in both houses and was laid upon the desk of the president of the senate in engrossed form sometime after 3.00 a. m., Sunday morning, April 8. The governor had been watching it, however, and so the senate *Legislative Record* (p. 1493) reads:

Finally Passed

. . . Resolve for the memorial in favor of General Hiram G. Berry (indefinitely postponed on motion of Mr. Higgins of Penobscot). . . .

The last action taken by the House on any bill or resolve was with reference to this measure. On motion of Mr. Packard of Rockland, the house voted to concur with the senate in the indefinite postponement of the resolve (p. 1516).

The appropriations actually voted by the 78th Legislature in concrete sums follow:

	1917	1918
First appropriation act (budget) . . .	\$6,719,141.66	\$7,114,304.76
Supplementary act	214,923.54	123,016.00
Resolves (unincorporated)—pond screening, etc.	5,779.32	
	<hr/>	<hr/>
	\$6,939,844.52	\$7,237,320.76

(This does not include appropriations from the million dollar war fund, the contingent appropriation of \$500 noted above, or the resolves for the payment of previous liabilities.)

Thus ends the history of the action upon the governor's 1917-8 financial program by the legislature, but the governor did not finish his part as a legislator, until two days later:

¹ *Acts and Resolves of the 78th Legislature, State of Maine, Portland, 1917.*

Considerable surprise was expressed in various quarters when it became known that Governor Milliken failed to sign during the closing hours of the 78th legislature which adjourned early Sunday morning the resolve appropriating \$50,000 for an armory at the University of Maine. Under the constitution this resolve will not become a law until three days after the next meeting of the legislature.

The resolve in favor of the armory at the University of Maine was introduced in the last days of the session when the war news was at its height and no one opposed it during its passage with the exception of representative George H. Allan of Portland. . . . It is now quite generally thought that Mr. Allan may have had an additional motive for opposition, that the measure was unsatisfactory to the Governor.¹

The governor had shown himself a statesman.

One other resolve also was not signed. It carried \$237.05 and was in favor of Fred R. Smith of Pittsfield, for expenses alleged to have been incurred as a member of the hospital trustees in investigating conditions at the Augusta state hospital in 1913.²

¹ *Kennebec Journal*, April 11, 1917.

² House Document No. 610; letter from L. M. Hart, private secretary to the governor, dated Nov. 12, 1917.

Note.—The figures for "Total Appropriations Requested" as given on page 35 do not agree with the figures given on page 56 and page 72. The figures on page 35 are those given in the Auditor's Estimate itself; the figures on page 56 and page 72 are those given in the governor's budget. Neither represent the situation accurately as each omits items which should be included. The correct total is as follows:

1917	1918
\$7,849,662.40	\$7,242,397.91

If these figures were used on page 72, they would show that the reductions made by the governor's recommendations were \$300,000 greater.

CHAPTER V

CONCLUSIONS

The Formation and Form of the Financial Plan

One thing is clear, and that is, if the budget is to be formed intelligently and scientifically under the system inaugurated by Governor Milliken, the executive must be provided with detailed estimates by heads of departments and institutions. These must be ready for the governor when he takes office. In addition he must be provided with a staff sufficient to make any investigations he may deem necessary.

At present the estimates are treated in wholesale fashion, both by the departments and by the institutions. They are not prepared in sufficient detail and they are not analyzed in any scientific manner. Only in a very few cases are reasons given for requests and where these are given on the estimate blanks they are not copied into the compilation made for the governor and the legislature. Conditions in 1916-7 were apparently even more unsatisfactory than in 1914-5, to judge by a letter from the supervisor of accounts in the auditor's office. It reads:

The auditor's estimate was made up in a very short time and, of course, there possibly might be a discrepancy, understanding at the time that the incoming legislature was not going to use this estimate which really was only a case of fulfilling the auditor's law.¹

(This was in reply to a request for an explanation of differences between figures which should apparently be the same, but which were given differently in the estimates and in the budget.)

The Maine appropriation estimates are divided into about fifty sections, apparently formed on a basis of administrative control over expenditure, or of function. These sections are arranged alphabetically, under three main heads: 1. Departments, 2. State Institutions, 3. State-Aid Institutions (of a charitable or correctional type). There is no classification by objects of expenditure, by electoral or executive control or by type of service to be rendered. No data are submitted to support the estimates or the statement of expenditure. Although the

¹ Letter from Walter B. Fraser, dated October 30, 1917.

expenditures for 1914 and 1915 were given in the 1917-8 estimates, the auditor's report for 1915-6 was not given to the legislature until February 27, 1917 and was not printed for distribution until April 6, 1917, the day before the adjournment of the legislature.¹ If a record of actual expenditures were to be used therefore in the preparation of the 1917-8 appropriations, it would have been necessary to have referred to the auditor's account for 1913-4, although of course the 1915-6 records could have been found by delving into the auditor's office.

It is suggested therefore that the estimates would be of more value if the present law were observed, i.e. if estimates were really required to be submitted in detail, and if reasons for requests were also required and were also printed with such requests. One item for \$100,000 for 1917, found on page 3 of the 1917-8 estimates and entitled, "Operation of fish hatcheries and feeding stations, wardens' salaries and expenses of the department" (Inland fish and game commission) is in point. Expenditure records should of course be given in detail in the same manner as the requests.

It is also submitted that the estimates should be classified by objects of expenditure, i.e. things to be bought; by controlling functions, i.e. legislative, administrative, executive, etc.; and also by public service functions, i.e. administration of justice, protection of persons and property, etc. For additional suggestions in this direction, reference should be made to "A suggested budget procedure for Illinois" by Frederick A. Cleveland (in typewritten form only) and to the British "Book of Estimates" the form of which is clearly set forth and illustrated in Chapter IV of *The Financial Administration of Great Britain* by Willoughby, Willoughby and Lindsay, previously cited in this report. The 1917-8 estimates were not totalled by sections or by main heads, and the grand final total in the book of estimates did not agree with the total for the same items in the governor's budget. A more satisfactory summary is certainly needed.

Several changes were made by the 1917 legislature in the statute law governing the filing and compilation of estimates. The 1915 laws did not require the estimates to be filed with the auditor until the first Monday of December and stipulated that he should prepare some of them for submission to the legislature on the fifteenth of January and others for submission to the governor and legislature on the first day of the legislative session. The auditor

¹ *Legislative Record*, 78th Legislature, p. 349.

in his letter submitting the 1917-8 estimates and also in his 1915-6 report claimed that these provisions gave him insufficient time in which to prepare the compilation and recommended that the estimates be submitted to him on November 1, the date set by the original statute on this subject. Sections 92, 93 and 94, chapter 2 of the revised statutes of 1916 were revised so that hereafter all the estimates are to be submitted to the auditor by the fifteenth of November and the entire compilation is to be submitted to the legislature and the governor on the first day of the biennial session.¹ It should be possible with the increased time thus afforded, for the auditor's office to make a careful compilation of the estimates so that errors in that document could not be charged to midnight oil. Re-classification of items in the estimates upon bases of object of expenditure and function would also seem to be probable in the near future, at least if Governor Milliken is re-elected. He has expressed himself in favor of such action.²

Thus far only did Governor Milliken's régime affect the preparation of the estimates. The hearings given to the public and to state officials, however, were considerably affected by the new arrangements. It seems to be the general opinion that the joint budget hearings received more publicity and more careful attention than did committee hearings under the old system, although this opinion was not held by all. Clerk Mallett of the appropriations committee saw little change. Complaint was made in certain cases that notifications were not given out in time to allow those making requests to appear at the hearings and it is certainly true that no time was lost in putting through these hearings to their conclusion. It is clear that the \$8,000 spent for legislative hearings in 1913 would not be expended under Governor Milliken's plan, certainly not if he were in the chair. As a matter of record and to aid legislative committees or others making a subsequent investigation, it is strongly urged that stenographic reports be made of the budget hearings. These should be available for general publication. Some of the appropriation questions which would ordinarily be fought out on the floor of the legislature will be settled at the hearings under this new system. The public should be fully informed.

To form his budget the governor must have more than public hearings. He must have an intelligent, well-equipped staff. The laws of the state of Maine do not provide for such officials

¹ *Acts and Resolves of the 78th Legislature*, Portland, 1917, pp. 273-274.

² Conversation with Governor Milliken, New York, December 10, 1917.

but the governor in 1917 provided for a budget director out of the contingent fund. This official made certain investigations at the request of the governor but the detailed results of his work were not put at the disposal of the legislature or of the public except as they were incorporated in the budget. It would seem that all these data should be available for those concerned with the voting of appropriations. Mr. Callahan was appointed to hold office only until the end of the legislative session. He stated that he thought a permanent budget director should be provided for but that he did not want the office.

The budget itself as has been conceded on practically all sides marked an epoch in the history of the financial administration of the state of Maine. Never before had the financial situation of the state been subject to such careful investigation by the executive. Never before had he delved into the records of the treasurer and of the auditor to prepare a clear, concise exposition of the revenue and appropriation needs of the government. As has already been pointed out, the first of the "budget" appendices shows the financial condition of the state as of December 31, 1916. This record of assets and liabilities showed an apparent surplus of \$106,614.68, under the title of "state contingent fund" but the governor pointed out in his message that "against it must be charged the excess required beyond the appropriation for the completion of any work authorized by the last legislature," and that such excess would go a long way toward eating up the entire fund.¹ Appendix "B" showed the normal state income under existing law and the result of adopting certain proposed changes in the taxation laws to provide increased revenue. Appendix "C" was a statement of the appropriations made for 1915 and 1916, those requested for 1917 and 1918 and those recommended for 1917 and 1918. The form and arrangement of this statement was similar to that used by the auditor in presenting his estimates. The same fifty sub-sections were used. It is suggested that even if this plan is to be used, columns should be added to show the estimates and actual expenditures made for the two years just passed. Under the ideal budget procedure perhaps the legislator should be referred to the "book of estimates" for such information with reference to the actual expenditures but until the estimates approach more nearly the ideal,

¹ This is the third "contingent fund" noted in this report. Two others were explained on pages 28, 30. The third simply designates the surplus of revenue over expenditure to the credit of the state on December 31, 1916.

the addition of these columns should prove of value to the members of the voting bodies. The same criticism made of the estimates, that many of the items are not given in sufficient detail, would also be pertinent here, for the governor has not itemized his budget any more than has the auditor his estimates. As a matter of fact the budget appendix "C" is nothing more than the auditor's estimates except that expenditures for 1914 and 1915 are replaced by the governor's recommendations for 1917 and 1918.

Appendix "D" of the budget was entitled "cost of maintaining state charitable and reformatory institutions for 1915 and 1916 compared with appropriations recommended for 1917 and 1918." From the standpoint of scientific budget procedure it was the most interesting and significant part of the entire document. For each of nine state institutions it gave the following data, actual for 1915 and 1916, estimated for 1917 and 1918: population, personal services, food supplies, clothing, repairs and equipment, general expenses, and total maintenance. The 1917 and 1918 figures for "total maintenance" were those recommended by the governor in appendix "C" as the proper amounts to be voted by the legislature as appropriations for the institutions concerned. If a similar table had been prepared by every government department and institution and by every state-aided institution, it might be said that the Maine budget was rapidly approaching that state which the professional budget-maker would term perfection. Unfortunately the head of no other administrative division of the government seems to have had such an interest in clear-minded financial procedure as did Secretary Bagley of the state board of charities and corrections who compiled appendix "D." It should also be mentioned that, in addition to the compilation of appendix "D," Secretary Bagley in his report to the governor dated December 29, 1916, laid before that official a statement which would also serve as a valuable model for "estimate" reports to be made by other department heads to their chief executive. This document of 43 pages, sets forth the principles which Secretary Bagley believes should govern the legislature in making appropriations for state and state-aided institutions in his field, and contains 14 specific tables showing how he would apply those principles to the particular institutions concerned. Table No. 1, entitled "maintenance of state institutions" shows the actual and estimated maintenance charges for 1915, 1916, 1917, and 1918. Tables 2, 3, and 4 show the percentage of increase of the 1917-8 figures over those for 1915-6 with reference to popula-

tion, gross cost of maintenance, salaries, supplies and expenses; and percentage figures for the same items after increase of population had been taken into account. Table No. 5 shows the actual and estimated charges for 1915-8 for institutional trustees. Table No. 6 gives a list of 40 items, "special appropriations requested for state institutions." They are listed in the order in which they are recommended for adoption. Tables No. 7-12 give a list of state-aided institutions and show for each its deficit for the prior two-year period, the appropriation for that period, and the request and the recommendation for the 1917-8 period. Tables No. 13 and 14 summarize the others. The report closes with a typical form to be used by the legislature for all resolves in favor of charitable and correctional institutions.

Secretary Bagley's report is rather in the nature of supporting data for a "book of estimates" than for a "budget," if the line between the two documents is taken to be that defined by Frederick A. Cleveland where he states:

The "book of estimates" is a compendium of detailed information sent to the representative body to enable its members to review the conclusions of spending officers as to what their future needs will be [while] the "budget" is a very simple statement made by the chief executive or other authority charged with the preparation of a plan of financing that sets forth the totality of funds required for carrying on the work which is described and outlined in detail in the "book of estimates," together with an estimate of revenue and other resources available to meet the proposed expenditures.¹

But Secretary Bagley's report is mentioned here because its treatment of finance is of that scientific type which Dr. Cleveland would commend,—at least in comparison with the attention paid to proper estimate and budget procedure by many a state administrative official or executive.

Dr. Cleveland's suggested budget for Illinois is summarized in seven financial statements supplementary to the budget statement of the governor. It may be of interest to note that Governor Milliken's budget statements include none which in any way resembles any of the seven recommended for Illinois. Those suggested by Dr. Cleveland in this, his latest document on state budgets, are as follows:

Supplementary statement I—Summary showing the several "elements of cost" of the government, the "character

¹ A suggested budget procedure for the state of Illinois, p. 39.

of expenses" and "methods of financing" them for the fiscal years 1917 and 1918.

Supplementary statement II—Comparative summary of the actual appropriation for 1915-16 and amounts of appropriation recommended by the governor for 1917-18 (classified by organization units, objects of expenditure, character and funds).

Supplementary statement III—Comparative summary of revenues and other resources accruing during the years 1915-16 and the estimated revenues and resources accruing during the years 1917 and 1918, classified by funds.

Supplementary statement IV—Comparative summary showing the condition of the several funds of the state from which appropriations may be made.

Supplementary statement V—Comparative summary of expenses and revenues showing the actual cost of services rendered and revenues provided for 1915 and the estimated cost of services to be rendered and revenues to be provided for 1916, 1917 and 1918.

Supplementary statement VI—Comparative summary of debits and credits to the current surplus account.

Supplementary statement VII—Comparative balance sheet showing assets and liabilities for the state of Illinois as of the several dates indicated.

Legislative Action and Procedure

Six propositions with reference to the budget were presented to the legislature by Governor Milliken in his annual message and in his budget message. Consideration will be given here to the way in which they were acted upon by the legislature. First, he proposed that the executive be allowed to set the limits for the total of appropriation measures, and that the legislature confine its activities to the size of particular appropriations. As to the total appropriations recommended by the governor and the total amounts passed by the legislature the figures will give answer:

	1917	1918
Recommended by governor.	\$6,711,849.58	\$7,106,297.09
Passed by legislature.	6,939,844.52	7,237,320.76
Amount in excess of budget.	\$227,994.94	\$131,023.67

This represents an increase over the budget of a little over 3 per cent for 1917 and of almost 2 per cent in 1918, so that Mr. Lester M. Hart, private secretary to the governor, has well said:

The difference between the actual bills and the sums recommended in the budget message are so trivial as to make it

apparent that the recommendations of the budget were carried out in these bills almost to a dollar.¹

As will be seen by reference to the summary of appropriation measures (page 81), the amount of the supplementary acts in 1917 and 1918 practically equals the amount of appropriations passed in excess of the budget recommendations. Reference to that section of this report will also show that a substantial part of the supplementary appropriations were for emergency purposes.

Second, Governor Milliken suggested a series of joint hearings on appropriations before the governor, council and appropriate legislative committees. How these were held, with what expedition, and with what satisfaction has already been set forth. Most of the administrative and legislative officials seemed satisfied that the "budget hearings" had at least done no harm. Representative Farrington of Augusta, however, majority leader of the house but out of sympathy with Governor Milliken's program, held that these hearings delayed the legislative session two weeks. Most of those interested in improved procedure with reference to legislation on financial measures did not hesitate to endorse this system of hearings most heartily.

Third, he requested that the legislature should not pass acts and resolves carrying money until the governor had submitted his budget and that they should give that budget their most careful consideration. In this the legislature gave the governor "gilt-edge" support. The budget was presented February 14. The first resolve carrying money did not become law until February 16 and only two other resolves were signed by the governor during the month of February.²

Fourth, he requested absolute acceptance of his budget both as to revenue and expenditure,—and the enactment of additional revenue measures to cover any extra appropriations which might be made. As to expenditure, out of 320 items for 1917 in the budget, the legislature changed only 15 and out of 313 for 1918 changes were made in 14 only. With the exception of certain changes in the system of appropriating money for state-aid and town roads, there was only one item in the budget for each year which was changed more than \$1,000. The general appropriation act for 1917 exceeded the budget recommendations by only \$7,292.08; and the 1918 act by only \$8,007.67. This ready com-

¹ Letter to Mr. Charles F. Kerrigan, dated August 10, 1917.

² *Acts and Resolves of the 78th Legislature*, Portland, 1917.

pliance with the wishes of the executive may well be explained by reference to the splendid *esprit de corps* which existed between the governor and the legislative leaders. Senator Marshall deprecated the fact that a tendency to subservience on the part of the legislature had resulted in less debate on financial matters on the floor of the houses. Debates, of course, are not always held for the edification of the public nor, for the sake of bringing out clearly the real issues at stake in the passage of a bill or resolve. If there were no opposition to the rule of the majority party or faction in a legislative body it is safe to say there would be few debates. These great bodies of law-makers usually become "deliberative" only when the element out of power desires to gain prestige at the expense of its adversaries. Representative Murray, minority leader in the house, said that the Democrats found no fault with Governor Milliken's budget procedure and largely for this reason there were few debates in the houses on financial measures. Appropriation matters were so clearly presented that there was apparently less occasion for suspicion on the part of the minority than would have been the case under the old system. Under such circumstances it would seem that an absence of debate might be considered a healthy sign.

Fifth, he advised the enactment of several new tax laws so that the rate for the general state tax might not have to be increased beyond five mills. Here, as has already been demonstrated, the legislature balked and here, thought Governor Milliken's opponents, his budget met its Waterloo. True it is that the legislature adopted his new tax recommendations to the total amount of a little over \$50,000 instead of to about \$900,000 and that the state tax rate was increased from five to six mills, but it is also true that the governor was concerned far more about the control and reasonable limitation of appropriation measures than he was about the manner in which the money to pay those resolves was to be raised. He clearly presented the situation to the people of the state of Maine in his taxation message to the legislature on April 2. The legislature chose to put the additional tax on the entire state rather than on certain corporations, as the governor had advocated. As they thus clearly took this burden upon themselves, the governor was satisfied. Governor Milliken recognized that he might have presented the revenue features of his budget on a basis of the existing laws, making further taxation recommendations supplementary to the budget. This might have been advisable in view of the fact that many legislators

insisted upon considering the taxation recommendations as the essential features of the governor's budget. Senator Swift was very strongly of the opinion that the budget should be made on a basis of the existing taxation laws but the governor desired to present his financial program as a unit.

Sixth, he desired all non-budget appropriation items to be included in one appropriation act and all budget items in another, for each of the years 1917 and 1918. This was carried out by the legislature practically to the letter. In both the budget bills for 1917 and 1918 there were only five items which were not in the budget: one, in the 1917 bill, "roads and bridges, as per resolves of the legislature," represented merely a change in the system of administration of road funds; two, both in the 1917 and 1918 bills, interest on certain trust funds, apparently represented careless omissions from the budget.

Governor Milliken had succeeded in carrying through his program. Three questions now arise: 1. How did he do it? 2. What did it really accomplish? 3. What further steps might be taken in this direction?

His ways and means were personal. He advocated no statute by which budget procedure and practice might be fixed. This had been attempted in the budget statute of 1915 but its provisions were quietly ignored by Governor Milliken who never once alluded to its existence. The governor preferred to experiment in practical budget-making before attempting to set up rules and regulations by which to bind posterity. He conceived the program to be one which could best be carried out by the closest co-operation between the leaders of the executive and legislative branches of the government. And so the budget was formed and enacted as the result of constant intercourse and consultation between the executive chamber and the legislative lobbies. Once in a while if the legislative leaders proved over-insistent with reference to bills outside the budget, the governor would deem it wise to yield to their wishes, at least partially; but as a rule bills and resolves were sent to their final resting places if the governor indicated his disapproval. The last rites were usually performed

¹ The governor did, however, comply with the letter of the law for it read (see page 22) that the budget should be submitted not *less* than 15 days after the legislature convenes. Of course it was intended to have it read "*not more* than 15 days," as the governor's private secretary states in a letter dated May 31, 1918.

by the legislators at the suggestion of the governor, but the history recorded in these pages shows that he was willing to perform the ceremony himself in case of dire necessity. Under these circumstances it is difficult to believe with the secretary of the senate that the governor was and always will be the mere tool of the legislature.

Four distinct points may be noted under the head of actual accomplishments. First, responsibility for the budget was assumed by a leader who could be held responsible. Although the budget was formed after hearings held by both the executive and the legislative leaders, the governor's document was essentially one which he had prepared himself. He did not ask for divided responsibility. If the legislature chose to enact his program, he was willing to take all the consequences. They accepted his leadership with reference to the appropriations but not with reference to revenue. If the people object to a six mill tax, they can wreak vengeance on the legislature; if they are opposed to the \$2,000 item for Lee Academy they can vote against the governor at the next election. Responsibility is clearly defined.

Second, the financial program of the state was made much clearer than ever before. During all the discussion of bills and resolves carrying money, the budget was on the desks of the legislators in printed form. This was the standard against which they could measure the specific proposal before them. Even the specific bills and resolves themselves were in many cases itemized as never before. As an example, there are reprinted herewith, the 1915 resolve for the Augusta state hospital and the 1917 resolve for state hospitals:

1915—Chapter 167

Resolve in favor of the Augusta State Hospital for the full maintenance and support of all state charges for the years 1915 and 1916.

Resolved, That there be, and hereby is, appropriated the sum of \$227,000 for the year 1915, for the use of the Augusta State Hospital for the year 1915, and that any of this appropriation remaining unexpended at the end of said year, may be available for the year 1916; and be it further *resolved*,

That there be, and hereby is, appropriated the further sum of \$234,000 for the year 1916, for the use of said hospital, for the full maintenance and support of all state charges for the year 1916; said sums to be expended under the direction of the hospital trustees.¹

¹ *Acts and Resolves of the 77th Legislature*, Portland 1915, p. 820.

1917—Chapter 50

Resolve in favor of the state hospitals for maintenance and other purposes for the years 1917 and 1918.

Resolved, that there be, and hereby is, appropriated:

For the Augusta State Hospital

	1917	1918
For personal services; for salaries and wages of all officers and employes, except those wholly engaged in repairs of buildings and equipment, for the year nineteen hundred seventeen, the sum of ninety-five thousand dollars, and for the year nineteen hundred eighteen, the sum of ninety-seven thousand dollars	\$95,000	\$97,000
For food supplies; namely all articles of food for the year nineteen hundred seventeen, the sum of one hundred and eleven thousand dollars; and for the year nineteen hundred eighteen, the sum of one hundred and seventeen thousand dollars	111,000	117,000
For clothing; namely, all articles of personal apparel and materials for making the same for the year nineteen hundred and seventeen, the sum of thirteen thousand dollars; and for the year nineteen eighteen, the sum of thirteen thousand dollars	13,000	13,000
For repairs and equipment; namely, all materials and supplies required for upkeep of grounds, buildings and attached fixtures; all additions to and repairs and replacements of furniture and equipment, including farm equipment and livestock, and all personal services rendered wholly in connection with repair work for the year nineteen hundred and seventeen, the sum of thirty-five thousand, one hundred and twenty-three dollars; and for the year nineteen hundred and eighteen, the sum of thirty-six thousand, two hundred and sixty dollars	35,123.00	36,260.00

For general expenses; namely, all other materials, supplies, and expenses incident to maintenance of the institution and the patients thereof, whether present or absent, for the year nineteen hundred and seventeen, the sum of sixty-one thousand, one hundred and ten dollars; and for the year nineteen hundred and eighteen, the sum of sixty thousand, four hundred and forty-two dollars. . . 61,110.00 60,442.00¹

Third, there was effected a considerable reduction in the amount of "log-rolling" usually performed by a Maine legislature, and special legislation was put in its proper place,—after necessary general legislation. This gain was generally recognized. It was mentioned to the writer very definitely by Senator Swift and Senator Marshall.

Fourth, the members of the legislature and the people of the state as a whole were educated in the management of state government, and more specifically in state finance, as never before. The new budget procedure attracted attention in the press which carried the news throughout the state; the new form of hearings gave every legislator an opportunity to learn about all the appropriations, and to carry back to his constituency a well-rounded view of state administration.

The third question, as to what further steps might be taken in the direction of improved budget procedure, opens rather a large field. Proposals which have actually been made with reference to the situation in Maine will be considered and the present practice there will be compared with the "measuring stick of democracy."²

No strong movement seemed to make itself felt in the legislature to write on the statute books anything further with reference to budget procedure. Governor Milliken thought that eventually statutes dealing with the matter might be desirable but that the most satisfactory methods should first be determined by practice. Senator Higgins was more inclined to enact some laws during the 1917 session governing the financial administration of the state, but he did not press the matter as the initiative seemed to lie very properly with the governor. The

¹ *Acts and Resolves of the 78th Legislature*, Portland, 1917, p. 748.

² *MUNICIPAL RESEARCH* No. 70, New York, February 1916, pp. XII-XV.

governor's actual accomplishments in 1917 were considerable and it would indeed seem unfortunate if it should not be permitted him to enact into law the results of his experience. The power of example and precedent is before the 1919 legislature, however, and to judge by the fate of the 1915 budget law, example and precedent may prove of more value than statute.

As has been noticed, the record of resolves carrying money is not kept for ready reference during the session of the legislature nor for purposes of consultation afterwards. Even the budget director did not have a daily record of the status of such resolves and a new card system planned by the auditor will therefore be of value to all those dealing with appropriation matters. The type of card printed for this purpose appears below.

(reduced)

Department:		
Title		
Authority		
	1917	1918
Finally passed		
Engrossed resolve		
Committee change		
Printed bill		
Statute appropriation		
Estimate		

Sections 5, 6, 7, and 8 of the "Measuring Stick of Democracy" will be considered here. The questions under each section will be quoted and discussion will follow.

Section 5. *Legislative consideration of budget or plan of financing:*

Is the procedure such as to require that an executive officer (one who is responsible to the people or to their representatives for the whole administration) shall submit a definite plan for financing next year's expenditures?

The procedure adopted by governor Milliken involved the submission of such a plan, as has been shown.

Is the officer submitting such a plan required or even permitted to come before the representative body and explain his proposals for revenue and borrowing?

VITA

The writer was born on November 16, 1891, at Boston, Massachusetts. He attended the Boston public schools, the Stone School, Cornwall-on-Hudson, New York, and graduated from the Auburn Academic High School, Auburn, New York, in 1909. He graduated from Williams College in 1913 with the B.A. degree, and during a part of the next two years investigated the government of cities in China under the direction of President Harry A. Garfield of Williams College. At Harvard during 1915-6 he pursued graduate studies in History and International Law, working under Professors A. C. Coolidge, R. H. Lord, and G. G. Wilson. He received the degree of Master of Arts from Harvard in 1916. During the next year he continued his work in the field of political science, attending courses at Columbia University under Professors C. A. Beard, H. L. McBain, J. B. Moore, T. R. Powell, E. M. Sait, and E. R. A. Seligman, and doing special budget work in connection with the Training School for Public Service, Bureau of Municipal Research, New York City.

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